

Mr Mark Whitmore, Assistant Director, National Collection

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**CHAIR**—I declare open this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee. I will shortly welcome back Senator Robert Hill. I do welcome back Dr Hawke and officers of the Defence organisation. Today the committee will hear the Defence Housing Authority before the dinner break and the Department of Veterans' Affairs from the resumption until 11 p.m. this evening. Last night the committee adjourned on the consideration of the capital budget, which was partially heard, and today the committee will continue its consideration and will move through the outputs when we get to them.

The committee has resolved that the deadline for provision of answers to questions taken on notice at these hearings is Thursday, 11 July 2002. I may have said 11 June 2002 yesterday, and I now correct the record.

Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege and I also remind witnesses that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. An officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy; however, they may be asked to explain government policy, describe how it differs from alternative policies and provide information on the process by which a particular policy was selected. An officer shall be given every opportunity to refer questions asked of that officer to a superior officer or to a minister.

I might just give a further explanation of the agreed program for today. It has been agreed that we shall have questions on Defence all day until approximately 5 p.m. Defence will resume on Wednesday morning. This evening before dinner for approximately an hour we will have some questions Senator Evans has indicated he has on the DHA. After dinner we have the Department of Veterans' Affairs from after the dinner break until 11 p.m.

[9.05 a.m.]

#### **Department of Defence**

**Senator CHRIS EVANS**—I thought it might be useful if we started with a discussion about the war on terrorism and an update. I do not know whether officers would prefer us to just ask questions or whether someone would like to give us a five-minute overview of where we are at. That might be a better way of handling things. If it is going to be you, Admiral Ritchie, you might want to introduce some stuff that we might not otherwise ask you about.

**Rear Adm. Ritchie**—The war on terrorism at the moment continues pretty much as it has, in terms of the forces assigned for the last couple of months. There are three ships operating in the north Arabian Gulf under the tactical command of an Australian officer and staff. They are enforcing UN sanctions against Iraq. They are doing that very successfully and that end of the gulf is fairly tightly sewn up by the forces that are there—three Australian ships, a couple of American ships and a British ship are involved in that activity.

In Kyrgyzstan, in a place called Bishkek, there is a civilian airfield which is hosting fighter aircraft. Those fighter aircraft provide strike support into Afghanistan. The Royal Australian

Air Force has two Boeing B707 tankers operating out of that airfield. Again, that is a successful operation and proceeds well. In Afghanistan we have elements of the Special Air Service Squadron who are operating in the eastern provinces of Afghanistan, mostly engaged in reconnaissance. They are supported by the Australian National Command Element which is headquartered in Kuwait but floats between Kuwait and Afghanistan in terms of the commander of that organisation. A logistic support element also exists in Kuwait and a naval logistic support element exists in Bahrain to support the forces in the north Arabian Gulf.

The Navy and the SAS are into their second rotation. This is the second group of people that have been engaged. The Air Force is in its first rotation. Decisions as to further rotations are a matter for government consideration. As you would know, the F18s that had been based in Diego Garcia have been withdrawn and are back in Australia. That was a matter of the task coming to an end.

**Senator CHRIS EVANS**—Reports of their role have been clarified?

**Rear Adm. Ritchie**—Reports of their role were greatly exaggerated in certain parts of the press.

**Senator CHRIS EVANS**—Thank you, Admiral. I take it there has been no decision on a third rotation of SAS troops into Afghanistan—is that right?

**Rear Adm. Ritchie**—No decision has been taken by the government.

**Senator CHRIS EVANS**—When are the second rotation due to end their tour of duty?

**Rear Adm. Ritchie**—That rotation will go on until late August.

**Senator CHRIS EVANS**—But it would be considered operationally necessary to pull them out about then? They could go a bit longer but not necessarily too much longer?

**Rear Adm. Ritchie**—That is about right.

**Senator CHRIS EVANS**—Is the same true for the Air Force rotation?

**Rear Adm. Ritchie**—The Air Force rotation at the moment is limited to one six-month stint. That is to do with the maintenance of those particular aircraft. The people within that organisation will rotate, though, very shortly.

**Senator CHRIS EVANS**—Who are they actually refuelling in Kyrgyzstan? I gather there is a compatibility issue between our tankers and some of the US aircraft.

**Rear Adm. Ritchie**—No, there are two nationalities of aircraft and they fuel both. There is no issue with that.

**Senator CHRIS EVANS**—They are American and French?

**Rear Adm. Ritchie**—Yes.

**Senator CHRIS EVANS**—Are they doing that refueling as a regular thing or is it a stand-by thing?

**Rear Adm. Ritchie**—They are flying every day.

**Dr Hawke**—The government will, as the Prime Minister said recently, consider whether there is a further rotation before the August time frame when the present group comes out of Afghanistan. The Prime Minister has already indicated that they will give it consideration and make a decision before that time.

**Senator CHRIS EVANS**—No doubt the SAS are having to prepare on the basis that they might have to—

**Dr Hawke**—They would not be preparing now because they would be awaiting the government's decision as to whether there will be a further rotation or an extension of the present group.

**Senator CHRIS EVANS**—We have seen the briefings on the SAS involvement. They have obviously been involved in some pretty nasty incidents and there is some suggestion that they are doing a bit more than reconnaissance. Primarily that is supposed to be their role, isn't it? Is it just bad luck, if you like, that they have been involved in what seem to have been fairly serious battles? Or has there been a change in the nature of their role?

**Rear Adm. Ritchie**—It is not a change in the nature of their role. Where they have been involved it stems directly from that particular role. Operation Anaconda, which is probably the one you refer to, was the last really major action in Afghanistan. Their part in that was reconnaissance and it was as a result of the reconnaissance that they were able to bring down other forces to engage the enemy.

**Senator CHRIS EVANS**—But in theory they are not supposed to be involved in pitched battles or efforts to root out enemy troops.

**Rear Adm. Ritchie**—They are engaged in reconnaissance and at times that reconnaissance turns into a contact and they have to do what they have to do to get out of that.

**Senator CHRIS EVANS**—Illness issues have affected the British troops. Is there any suggestion or sign of our troops being exposed?

**Rear Adm. Ritchie**—None at all among our people.

**Senator CHRIS EVANS**—Does the funding provided in the budget sustain the deployment of the SAS for the full 2002-03 year? Or is it only until the end of this rotation?

**Rear Adm. Ritchie**—It is my belief that the budget estimate is based on the fact that people might be there for the whole 12 months, although that decision, as the secretary said, has not been made.

**Dr Hawke**—I am not sure that is entirely correct.

**Mr Bennett**—The funding covers the period until the end of the calendar year.

**Senator CHRIS EVANS**—Why have we chosen the end of the calendar year?

**Dr Hawke**—That is because the government has not made a decision yet about a further rotation. As part of the budget framework they decided that they would provide a sum of money to maintain likely operations until the end of December. In the event that the government decides it will continue its efforts, then the funding would flow through the additional estimates process.

**Senator CHRIS EVANS**—We have formally committed to August and the budget has provided enough funding to support the deployment until December. But if we were to extend we would effectively have a third rotation. We are going to need extra money in the additional estimates to fund it.

**Dr Hawke**—If additional money is required then that would be dealt with in the additional estimates process.

**Senator CHRIS EVANS**—Is that true for the other deployments as well?

**Dr Hawke**—No, and my recollection is that it applies only to the war on terrorism.

**Senator CHRIS EVANS**—I meant in terms of the Air Force.

**Dr Hawke**—We have a monetary provision to cover the cost of present and likely operations until the end of December.

**Senator CHRIS EVANS**—That would cover the Air Force and SAS but not the Navy involvement?

**Dr Hawke**—It covers the Navy involvement. If it actually costs less money than what has been provided for we would return that to consolidated revenue as part of the additional estimates process. If it costs more, that would be considered as part of the additional estimates process.

**Senator CHRIS EVANS**—It is the principle of reimbursement, which you seek to reinforce at every occasion, Dr Hawke. I sometimes get confused here because the Navy contribution to the blockade on Iraq preceded the war on terrorism and the two seem to get rolled in together now, for understandable reasons. Are you saying that we are funding the blockade in the same way?

**Dr Hawke**—It is all covered under the same financial head, yes.

**Senator CHRIS EVANS**—There is little likelihood, I would have thought, of that ending. It is a separate decision making process, isn't it, to the effort in Afghanistan?

**Rear Adm. Ritchie**—It is associated with the effort in Afghanistan. What Australia was doing prior to the war against terrorism was making an occasional contribution to that blockade so we were going once every two years for six months, or something like that. It just happened to be that we were there when the war on terrorism commenced. That is no guarantee that the government will continue that post the war on terrorism. That is a decision for the government to make.

**Senator CHRIS EVANS**—Our contribution to that effort was increased substantially as part of the broader effort to allow the United States to deploy elsewhere. So you now tend to treat them as the one item for budgetary purposes?

**Dr Hawke**—Yes.

**Senator CHRIS EVANS**—There is no separate budget allocation for the Navy operations in Iraq, apart from the war on terrorism funding?

**Dr Hawke**—That is my understanding.

**Senator HOGG**—The funding for that operation runs out at the end of the calendar year as well?

**Dr Hawke**—That is correct.

**Senator CHRIS EVANS**—Do we have any other troops or personnel on the ground in Afghanistan apart from the SAS?

**Rear Adm. Ritchie**—Not really. As I said, we will have a forward element of the Australian National Command Element, which is based in Kuwait. Some three or four of those people will go forward into Afghanistan. That is really in line with a change in command and control that the Americans have put forward in Afghanistan and our need to stay close to that command and control mechanism.

**Senator CHRIS EVANS**—They could be from any of the services?

**Rear Adm. Ritchie**—They will not be SAS; they will mostly be Army.

**Senator CHRIS EVANS**—Are they likely to be permanently stationed in Afghanistan now or are they likely to flip between Kuwait and Afghanistan?

**Rear Adm. Ritchie**—They will go forward and they will stay there as long as we have the forces committed to Afghanistan. If that commitment were to withdraw there would be no point in us being there.

**Senator CHRIS EVANS**—Where will they be based?

**Rear Adm. Ritchie**—They will be based in Bagram.

**Senator CHRIS EVANS**—How many personnel have we got in Kyrgyzstan supporting the air refuelling operations?

**Rear Adm. Ritchie**—We have 68.

**Senator CHRIS EVANS**—Is that largely aircrew or maintenance?

**Rear Adm. Ritchie**—It is mostly the maintenance staff—the support people for running those two aircraft.

**Senator CHRIS EVANS**—That is quite a big commitment. What sort of protection capability is there around the 707s when they are flying operations?

**Rear Adm. Ritchie**—I know the answer to the question; I am just not sure what I might say publicly. I can assure you that the way in which the 707 operations are carried out is done to minimise the risk to the 707.

**Senator CHRIS EVANS**—I presume the protection is provided by Allied airforces—not by Australia?

**Rear Adm. Ritchie**—The threat to aircraft in Afghanistan is only from the ground. There is no air threat, so the sorts of things that you might do are to protect yourself against things fired at you from the ground.

**Senator CHRIS EVANS**—What is the expectation about the need for the 707s and remaining in the region? I know this is a decision for government but, in terms of operational need, is the amount of activity by the fighters they are refuelling decreasing?

**Rear Adm. Ritchie**—It is pretty constant at the moment, but it clearly depends on the ground war in Afghanistan. As the ground war waxes and wanes, so does the demand for aircraft to support it. That is what they are doing: supporting the ground war, as I said; there is no air-to-air war or anything like that. As long as there are ground forces in Afghanistan, as long as Afghanistan is considered a dangerous place to be, there will be a requirement for air support.

**Senator CHRIS EVANS**—Are we able to get a breakdown of the \$199 million for the war on terrorism as to what that is funding among the various operations?

**Rear Adm. Ritchie**—I would refer again to the CFO.

**Mr Roach**—I can give you a basic breakdown by group in terms of what is being funded. For Army there are essentially allowances for the personnel involved in Operation Slipper. For Navy there are allowances and provision for fuel, logistics and depreciation. For the RAAF, again, there are allowances for the personnel deployed, amounts for maintenance—some of which has been brought forward—items for language instruction, and some capital costs associated with the provision of equipment specific for the operation. In the Defence Materiel Organisation, there is money for additional maintenance. For COMAST, there is

additional money for the additional charter flights required to support the operations and for communications and satellite links. In the Defence Personnel Executive there is additional money for the additional health checks and medical costs associated with the operation. There is a small amount in the Strategy group for supporting attaché involvement in Operation Slipper.

**Senator CHRIS EVANS**—Are you able to provide a breakdown between Army, Navy and RAAF in terms of cost?

**Mr Roach**—I could take it on notice and give you a detailed breakdown.

**Senator CHRIS EVANS**—I would appreciate it if you would take that on notice. I would like to get a sense of what is driving the costs in general terms: is it the SAS deployment or the RAAF deployment?

**Mr Roach**—In general terms, the most significant costs out of the \$199 million are the naval costs, including the maintenance support for the ships.

**Senator CHRIS EVANS**—That is the cost of keeping those ships at sea on duty?

**Mr Roach**—Yes. Of course, the allowances are a significant part and, for example, there is a significant component for additional fuel.

**Senator CHRIS EVANS**—I would appreciate it if you would take that on notice. While we are on the question of the allowances: I know the SAS are on the war-like service allowance. Is that what it is called—war-like service? Is it \$200 a day? Are the Air Force in Kyrgyzstan, for instance, on that same allowance or is there a separate rate?

**Rear Adm. Ritchie**—There is a separate rate for anybody not on the ground in Afghanistan but inside the theatre, and that is \$125 a day.

**Senator CHRIS EVANS**—Is it the same as the Timor rate was?

**Rear Adm. Ritchie**—Yes.

**Senator CHRIS EVANS**—Does the \$125 rate apply to the people in Kyrgyzstan?

**Rear Adm. Ritchie**—Yes; people in the gulf.

**Senator CHRIS EVANS**—Is that the same across all the services?

**Rear Adm. Ritchie**—Yes.

**Senator CHRIS EVANS**—There is \$30 million to be spent on equipment as part of that \$199 million. Is that right, Mr Roach?

**Mr Roach**—Do you want a breakdown of that \$30 million?

**Senator CHRIS EVANS**—Yes. I just wondered what that is going on, basically.

**Mr Roach**—I will take that on notice. I do know that, for example, there are night vision goggles for the Air Force but, in terms of the other specific items, I will take it on notice and get back to you.

**Senator CHRIS EVANS**—Thanks for that. Have we got a total cost for this operation since September 2001? Is there a ballpark figure of what the war on terrorism has cost us so far, say, for the financial year? I am interested in a total cost. Because of all these offset questions I am just trying to get a feel for what the war on terrorism has cost us so far.

**Senator Hill**—It depends on how you want it defined. It is an easy question to ask but it is not a straightforward question to answer, because obviously the forces are being paid for as

part of our national security investment. In any event, a number of exercises have been cancelled or postponed to help contribute to the cost. Other internal efficiencies have enabled us to keep a minimum pressure on the need for additional funds from government, and what we genuinely do need as supplementation we have been able to receive. So I would need you to inform us of how you want us to make the calculation. Do you want us to include a depreciation of the ships that are involved? Do you want us to include anticipated future additional maintenance?

**Senator CHRIS EVANS**—You have actually refused to provide us with that information so far, Minister.

**Senator Hill**—It is not that I have refused to provide it; if you tell us exactly what you want—

**Senator CHRIS EVANS**—I did that last time and you refused to provide it.

**Senator Hill**—You could say ‘refuse’ if you like. It is not that I do not want to be helpful, but the answer has to be meaningful. I have seen a range of different answers on the costs of the ships in the gulf, depending on how you want to define the input. We possess the ships in the first instance, but in some of your questions you seemingly want us to include the capital costs of the ships as a contribution to the multilateral interception force.

**Senator CHRIS EVANS**—How you frame the answer is up to you, but I think the threshold question is whether you are going to provide that information to the committee and to the Australian public. At the moment, you have refused to. In the last answer I got for the question you took on notice, when you would see what you could provide, you gave—if I could use the term—a smart alec response, by saying that full figures for the year were not yet available. Therefore you declined to answer the question. That clearly was not the tenor of the understanding of the discussion we had at the previous estimates. It really comes down to the question: are you going to provide the information or aren’t you? You obviously have the ability to frame the answer in terms of which costs you think are relevant and which caveats need to be put in et cetera. That is within your power. I cannot frame the answer for you. But the key question—

**Senator Hill**—What I have tended to do is to frame the answer in terms of the additional costs, but that has not been satisfactory to you.

**Senator CHRIS EVANS**—Because it gives us no indication of what the real costs are.

**Senator Hill**—It is not a question of being smart alec. I have provided hundreds of pages of answers to you and to your colleagues. We write volumes to assist you in the fulfilment of your obligations.

**Senator CHRIS EVANS**—You have been very helpful, and that is why the contrast between that answer and the others was so stark.

**Senator Hill**—Then I would answer it in terms of the additional costs. But you are dissatisfied with my answer. If you are inviting me to frame the answer in the terms that I think are most meaningful, I will answer it in terms of additional costs, and I have provided that.

**Senator CHRIS EVANS**—To say that the war on terrorism cost us a net \$90 million doesn’t tell us anything, does it?

**Senator Hill**—Well, it does. It tells you the additional burden to the taxpayer of the commitment that has been made by government over and above the burden to the taxpayer of maintaining the Defence Force for the security of Australia.

**Senator CHRIS EVANS**—You can hardly take offence at people coming up with what you consider to be unrealistic responses at costs of operations when you refuse to supply the information.

**Senator Hill**—I am not refusing to supply anything. You tell me exactly what you want and I will seek to get you an answer.

**Senator CHRIS EVANS**—I put the questions on notice last time, Minister. Your last reply was that the information was not available for the full year. Do I take it then that once that information is available for the full finance year, you are going to make it available to the committee?

**Senator Hill**—I will answer any question that I interpret to be meaningful but not misleading. You and I think somebody else asked for a figure on the utilisation of ships and they asked specifically for the full costs, which takes into account the capital costs of the ship, and if that is what you want to know you will get an answer in those terms. But until I am requested in that way, what I will provide is the additional costs, because I actually think that, in terms of the public interest, that is the figure that is most useful.

**Senator CHRIS EVANS**—Minister, I did ask you those detailed questions following the last hearing. We had this discussion. I asked you those questions. The answer given to me was, to use another term, a fairly cute answer, which was to say that those figures weren't available. What I am asking you—putting aside the bulldust—is: will you or will you not be providing those answers to the specific questions? It seems to me quite unreasonable to include the capital costs of ships we have purchased in any assessment of operational costs.

**Senator Hill**—You think they should be included?

**Senator CHRIS EVANS**—I said that it seems to me to be reasonable for that to be discounted, in the sense that—

**Senator Hill**—That is helpful to me.

**Senator CHRIS EVANS**—But because we paid for those ships, the capital cost is being met by us anyway. What we are talking about is the operational costs—

**Senator Hill**—With the SAS, should all the support that they receive from their headquarters in Australia and so forth be included—the infrastructure, their training?

**Senator CHRIS EVANS**—Well—

**Senator Hill**—This is the problem. That is why it is much more constructive if you talk about the additional costs of the deployment.

**Senator CHRIS EVANS**—I think it is if you actually say—

**Senator Hill**—Unless you are wanting to mislead people.

**Senator CHRIS EVANS**—No, I want to understand how much this is costing us. That is a reasonable thing to do. I do not think one should have one's motive impugned if one wants to know how much military commitments, which you say cost a lot of money and which obviously do cost a lot of money, actually cost the Australian taxpayer. All I want is a reasonable and rational explanation of how much those cost. This is the place to ask for that.



At the moment you are refusing to provide it. I want to know why, and why the community cannot have access to that information.

**Senator Hill**—It is a semantic argument. I think the committee is entitled to full information that will enable the Australian people to adequately understand what is the cost of our deployments.

**Senator CHRIS EVANS**—Why won't you provide it?

**Senator Hill**—You introduced a helpful element this morning by saying that you are not wanting the cost of the capital that has already been invested included within the cost of the operation.

**Senator CHRIS EVANS**—I want to have a realistic understanding of what the deployments cost us. Clearly, in global terms, that includes all of the infrastructure and all of the investment in it, but really all you have given us is what you say the net cost to the Australian taxpayer is and 'don't you worry your simple heads about the details'.

**Senator Hill**—No, what I have given you is the additional cost to Defence for which we have sought and received supplementation. I have said that I do not believe that covers all of the additional costs and that to some extent we have had to absorb additional costs from within. We talked yesterday about various further efficiency cuts and the like that are being required to help us to do that. We have had some discussion about what exercises have been cancelled or postponed, also, to help us to do that. I am quite happy to seek an answer that looks in greater depth at what are the additional costs for which we have not received supplementation.

**Senator CHRIS EVANS**—With respect, Minister, that is the assurance you gave me on 21 February.

**Senator Hill**—If I gave that assurance and I have not delivered I will try again, now that I am more confident that that is what you are seeking.

**Senator CHRIS EVANS**—I gave you the questions in writing so that you were clear about what I was seeking, and you chose not to answer them. I do not want you to redefine my question for me, and I will not redefine your answer. What I am seeking is the cost of the operations—the full cost. If you want to make an argument about some of those costs that are already being borne in terms of the capital costs, the ships et cetera, that is perfectly reasonable to do; no-one is looking to mislead on those issues. Equally, to say to us and to the Australian taxpayers, 'Oh well, it is just a couple of hundred million dollars and don't you worry about the detail,' is just not satisfactory. We do have the right to ask for a proper explanation.

**Senator Hill**—We are not trying to be unhelpful; we are, despite what you say, trying to be helpful. If, for example, we bring forward the purchase of equipment that is designed to register the presence of chemical, biological or radiological weapons and affix the equipment to our ships—equipment that would have been ultimately purchased but we have brought it forward because we think it is a necessary tool for the security of the ships in the circumstances of the war—is that part of the cost of the war or is it just part of our ongoing capital program?

**Senator CHRIS EVANS**—I would have thought the Australian community, and even perhaps the senators present, would have had enough intelligence to be able to digest a footnote that explained that—in the same way you generally do in budget papers. If you explain that

this is part of the program for the next couple of years—expenditure that has been brought forward—I think people would understand that. The Australian community is sophisticated enough to deal with that sort of information. Why could you not explain it in the same way as you are explaining the other budget measures?

**Senator Hill**—On that basis, I will make another attempt to answer the question, but I will be answering it in terms of what I believe are the additional costs that have been incurred in fighting the war. I therefore will not be including embedded capital and embedded training. I will try to give you a reasonable calculation of what would be the transport costs that would be incurred by the various forces et cetera—the logistical costs if they were not engaged in war. I will try to distinguish. It is not straightforward—and that is what you are not prepared to acknowledge—to determine the additional costs of an operation or deployment over and above an exercise. But we will make another attempt to do it. As I have said, in the same way in which we have provided hundreds of pages of answers to very, very detailed questions to assist you in your task, we will make another attempt in this instance.

**Senator CHRIS EVANS**—I appreciate that, Minister. I think it is important. As I say, I make the point that I do appreciate the work that has been done in answering questions on notice, and that is why the contrast between that answer and the others was so stark. I do not think there was genuine information to help the committee and to provide answers. But I do think, as I say, that it is important in a public debate that we have an understanding of the cost of the war on terrorism. That requires you to provide fuller information than some net cost to Defence, which does not reveal what it is really costing us, particularly if the effort is to be ongoing and/or expanded. People need to understand what that means—and what that means for decisions inside the Australian community in terms of the total budget. So I would appreciate it if you could have another look at that question. To assist you in your research, I will submit some questions on notice with the sort of detail that we are after.

**Senator HOGG**—I turn to page 29 of the PBS. There is a statement there on which I would like further elaboration. It is about the loss of skills and interoperability with regional partners. In particular, the statement says:

... the loss of structured training activities with allies and regional partners risks the degradation of some operational skills and loss of interoperability.

That is a concern, and I want to know what the risks are. What are the skills and the interoperability that are being lost, and how do we overcome it?

**Rear Adm. Ritchie**—It is referring to the fact, as has just been mentioned, that some things have been cancelled in order to be able to conduct the business of the war on terrorism and other operations that are all concurrent. We have a problem of concurrency. We have lots of things to do and we are starting to run out of people and assets to do it. To give you an example, Exercise RIMPAC, which has been a major commitment for the Navy, is run out of Hawaii by the Pacific Command every two years. It has normally involved a considerable contribution of Australian ships, aircraft and that sort of thing.

Exercise RIMPAC is to be held this year. The American contribution to Exercise RIMPAC is smaller, but the Australian contribution is very small. The reason is that the Navy is engaged in other places. Therefore, the war-fighting experience that is gained through major exercises such as RIMPAC will not be with us in this two-year period. We are going to miss it because we are off doing other things. What we have to do, to make sure that that does not become detrimental to the overall effectiveness of the force, is take every opportunity that we can to supplement, perhaps by smaller efforts, so that we do not lose those core war-fighting

skills. There was a great discussion here last night about antisubmarine warfare which almost caused me to either walk out or come to the front. I am not sure which.

**Senator HOGG**—You are always welcome.

**Rear Adm. Ritchie**—It is not a place you volunteer too often.

**Senator CHRIS EVANS**—The minister does not like volunteers.

**Rear Adm. Ritchie**—Antisubmarine warfare, for example, is something which there is not much of in the Persian Gulf. There would be in RIMPAC. That is the sort of skill that we have to husband and find other ways to do. That is what the PBS is referring to. Over the page there is something about how we are going to mitigate that risk. It says ‘Defence has instigated more rigorous capability reporting’. That means that we have to be really careful about watching those particular skills. If we detect that they are deteriorating to a point where we would need to do something about it, then we would need to put our hands up and come back to CDF and say, ‘We really must do some of these things.’

**Senator HOGG**—I did read the response. That is why I raised the matter—because I did not get much comfort out of it. I am not inferring for one moment that you would not look at that.

**Rear Adm. Ritchie**—It is something we are acutely aware of and we will keep a very keen eye on those sorts of things.

**Senator HOGG**—Given that the rate of tempo has been lifted in places like the Persian Gulf, how will you be able to address the issue of operational skills and the loss of interoperability when you have the critical issue of platforms elsewhere and the crewing of those platforms?

**Rear Adm. Ritchie**—I have just been to the Persian Gulf. One of the things I asked the people there to do is to get together with the other ships and try to devote some time to maintaining the war-fighting skills. You can do that in that sort of environment. It is not the same as going to Exercise RIMPAC, but it is something you can do. There are smaller exercises in our program that, in the normal course of events, might get overlooked for certain reasons. It is important that they do not get overlooked when we are in this sort of situation because we are not doing the big exercises.

**Senator HOGG**—You have referred to the big exercises. What about the other part of the issue that is raised at page 29—that is, our regional partners and our interaction with them? How is that suffering as a result?

**Rear Adm. Ritchie**—Again, it is primarily affecting the Navy and those regional exercises that we might normally have been engaged in. A good example is the Five Power Defence Arrangement and exercises that are run from Malaysia and Singapore under the auspices of that organisation. Our contribution to those since the commencement of the war on terrorism has been smaller than it normally would be and therefore our interaction with the navies of Singapore and Malaysia is less than it was prior to the commencement of the war on terrorism. It is something that needs to be managed quite carefully. People need to be acutely aware that those sorts of things are falling by the wayside. Where opportunities present, we have to be able to go back and do something. We recently had the opportunity to send a ship to Singapore and Malaysia and that was done, in order to keep that contact.

**Senator HOGG**—So it is not necessarily a funding or budgetary issue?

**Rear Adm. Ritchie**—It is concurrency.

**Senator HOGG**—I thought that was the case, but I thought it was worth pursuing. The other question I want to raise concerns not a large exercise that you are involved in but one that has appeared over a period of time—Operation Coracle, which was the de-mining program in Mozambique. It has always been subject to review. It has been there since 1994. It was in last year's PBS and last year's annual report, always under review. I am just wondering what happened. Has the de-mining finished?

**Rear Adm. Ritchie**—It was finally reviewed, and the government decided to withdraw from that operation. It is finished.

**Senator HOGG**—Does that mean that the de-mining has finished?

**Rear Adm. Ritchie**—No, it means that Australian participation in that operation has finished.

**Senator HOGG**—What was the cost of our role in that particular operation each year? It could not have been a terribly significant cost.

**Rear Adm. Ritchie**—I would have to take that on notice. I have no idea at all.

**Senator HOGG**—But it could not have been a terribly significant cost.

**Rear Adm. Ritchie**—A handful of people were there over all those years and they rotated in and out, so it would not have been a significant cost. We can provide that on notice.

**Senator HOGG**—If the de-mining has not finished, was there a reason for ceasing the operation? Were personnel placed elsewhere, or was it just a government decision?

**Rear Adm. Ritchie**—Again, I really cannot answer the question off the top of my head, but I think it was deemed that the effectiveness of the operation and our particular contribution to it had come to an end.

**Senator HOGG**—Could you take that on notice for me and seek a reason for this?

**Rear Adm. Ritchie**—Certainly.

**Senator HOGG**—Because I think that is a worthwhile sort of operation to be involved in.

**Senator WEST**—Just on how you came to a decision to withdraw: what is the level of the incidence of mines still in Mozambique? My understanding is that it is still pretty high. Just how much reduction did take place with our assistance? Who is left there to continue this de-mining?

**Rear Adm. Ritchie**—All of those points can be covered in the answer to Senator Hogg's question, but I do not have them off the top of my head.

**Senator WEST**—I am interested to know because, having been there, it is still an issue. How well were the Mozambique defence people trained up so that they could continue this role, or were they not trained up at all so that they are still dependent upon international assistance to complete the clearing? What is the time frame in which the United Nations or whoever is responsible expects to have the bulk of the clearing completed?

**Rear Adm. Ritchie**—We will put together an answer on those questions.

**Senator BARTLETT**—I missed some of yesterday's evidence, having to go backwards and forwards between different committees, so if I ask questions that were raised yesterday just tell me to go read the *Hansard*. Was the issue of the new detention facility in south-east Queensland that is detailed in the PBS covered yesterday at all?

**Rear Adm. Ritchie**—No.

**Senator HOGG**—I raised that yesterday, but it was more in terms of the asset sale and the line in the budget that said ‘not for publication’. Yes, I did raise it.

**Senator BARTLETT**—The PBS says:

A final decision on the location will be taken following the completion of community consultation processes.

But it also says you have selected 22 hectares of land at Pinkenba in Brisbane. Does that mean that that is where it is going to go? You say the final decision is still to be taken.

**Dr Hawke**—I think that is more a matter for Immigration than for us, but when we come to the corporate part of the program we would be happy to tell you what we know about that.

**Senator CHRIS EVANS**—Some of the evidence yesterday was that the decision lay with the minister for immigration, Mr Ruddock, and they had not advised.

**Senator BARTLETT**—I did ask some questions of Immigration last week, but I wanted it from your angle as well. The additional funding for increased coastal surveillance is \$22 million-odd this year on top of around \$19 million last year. Would the activities of Operation Relex come under that pool of money?

**Rear Adm. Ritchie**—Yes, they would.

**Senator BARTLETT**—Can that amount be broken down any further as to where it goes in the additional deployment? Is it all for Navy and the air surveillance in the north-west, or is it for other activities as well?

**Rear Adm. Ritchie**—We will defer to Mr Roach.

**Mr Roach**—Yes, that money is for Operation Relex and Operation Gaberdine; we consider the two together. I can give you a basic breakdown, and if you would like something more than that we may be able to do that. Essentially, there is money for Air Force for additional effort to do with the surveillance flights. There is money associated with particular bits of equipment for Navy ships to permit them to undertake these sorts of operations, which are out of their normal ship role. There are some costs associated with the personnel executive to do with health and casualty treatment.

**Senator BARTLETT**—The amounts are only for the upcoming financial year. How does that impact on long-term planning when you do not have any idea of how much money will be made available beyond the next 12 months? Is there an assumption that that range of activities may be discontinued in 12 months time?

**Mr Roach**—Current planning and funding assumes the operation will go in the 2002-03 financial year, and it will be reviewed in terms of any requirement after that.

**Senator CHRIS EVANS**—So that makes it up to the last whole financial year for these operations?

**Mr Roach**—Correct.

**Senator BARTLETT**—There are extra resources being provided, which is obviously handy. This might be a question more for the Navy outputs, except that we do not seem to be getting to them, so I thought I would ask it now: has the use of Navy resources in this type of activity meant that you need to reshape your planning for the activities of Navy as a whole, having to have vessels dedicated to surveillance.

**Rear Adm. Ritchie**—The answer to that has already been covered in reply to the question Senator Hogg asked about exercises and those sorts of things; it is a matter of concurrence. It is a matter of you have to do this and you have to do Operation Slipper, and you have to balance enough exercises in there to make sure that you do not lose effectiveness as a naval force. The Navy is quite capable, within the constraints I spoke of earlier, of doing that, and it is doing that.

**Senator BARTLETT**—If you were not doing Relex, what else would you be doing?

**Rear Adm. Ritchie**—You would be doing other exercises. You would be doing regional visits into South-East Asia. You would be spending more time at home with mum and the kids.

**Senator CHRIS EVANS**—While we are on Relex, I would like to follow up a couple of questions that Senator Bartlett asked. Mr Roach, on notice, can we get a breakdown of those figures you were providing on the \$20 million?

**Mr Roach**—Yes, I think so.

**Senator CHRIS EVANS**—Why is it now Relex II? Is it the sequel?

**Rear Adm. Ritchie**—Because Relex I, which had a certain classification to it, was declassified for the purposes of the Senate inquiry.

**Senator CHRIS EVANS**—I am sorry; I do not understand that, Admiral Ritchie.

**Rear Adm. Ritchie**—Operation Relex I had a security classification put on it. A lot of the information contained in that compartment was declassified in order to make it available to the Senate inquiry; therefore, the rules and things that pertained to Relex I no longer apply because we have changed them. So it is now Relex II.

**Senator WEST**—So there is a lot of classified stuff again but back in Relex II?

**Rear Adm. Ritchie**—That is a fair summation.

**Senator CHRIS EVANS**—You are telling me that Relex II has the same security classification—

**Rear Adm. Ritchie**—Exactly the same concept of operations and security classification. It is just that we made a lot of stuff available that we somehow had to separate from current operations.

**Senator CHRIS EVANS**—In my view, the sequel is never as good as the original, Admiral Ritchie, but we will see.

**Rear Adm. Ritchie**—We can hope that that is the case.

**Senator CHRIS EVANS**—Relex II is effective from 14 March?

**Rear Adm. Ritchie**—I believe it is around that time. But it does not signify any significant difference in what we are doing.

**Senator CHRIS EVANS**—I get the point. What resources are currently deployed on this operation?

**Rear Adm. Ritchie**—For Relex? The Air Force rotates two P3s through Darwin and they fly into the area of operations. There is one frigate on task, one amphibious ship, one survey ship that is configured for operations, three RAN patrol boats, and three Army transit security elements. They are groups of 52 people who are used not in the initial boarding of a vessel but

in the securing of the vessel as it transits to wherever it is taken. The Australian Customs Service provides a Coastwatch aerial surveillance effort and three Australian Customs vessels that work in support of Operation Relex.

**Senator CHRIS EVANS**—So it is still maintaining a fairly high level of operational activity, then?

**Rear Adm. Ritchie**—Our tempo of operations remains exactly as it was.

**Senator CHRIS EVANS**—Which regiment are the three Army transit security elements—no doubt they will be referred to as TSEs within weeks, and I like to understand these acronyms—drawn from?

**Rear Adm. Ritchie**—They have been drawn mostly from Army units in the north, but increasingly they will be drawn from other Army units around the country. We might even get to the point where we draw one from the RAAF Airfield Defence Organisation.

**Senator CHRIS EVANS**—Are they permanent units now?

**Rear Adm. Ritchie**—No. It is a rotational duty. People are selected and then trained for about 12 days, and then they do three months. I could be corrected on the time, but it is that sort of thing.

**Senator CHRIS EVANS**—And then they go back to their own unit. So you are in running three, with a strength of 52 in each of them?

**Rear Adm. Ritchie**—Yes. There are two at sea and one on stand-by in Darwin.

**Senator CHRIS EVANS**—They are at sea on the patrol boats?

**Rear Adm. Ritchie**—No, they are at sea on the frigate and the survey ship.

**Senator CHRIS EVANS**—You had two survey ships out before, didn't you? Has one of them returned survey work?

**Rear Adm. Ritchie**—No. There are two survey ships of the particular class we are talking about, and those ships have since about last Christmas been rotating through this particular duty; and so there is only one on the task at any one time.

**Senator CHRIS EVANS**—Has the other gone back to survey work?

**Rear Adm. Ritchie**—The other has not yet gone back to survey work. It would be preparing for, or resting from, its tour of duty.

**Senator CHRIS EVANS**—Is it likely to return to survey work or has the survey work been postponed?

**Rear Adm. Ritchie**—It is a matter for the Navy to decide how they are going to contribute to this, but it would be fair to say that we would like to get one back to survey work, yes.

**Senator CHRIS EVANS**—But if you have got one at sea all the time on this operation, you are unlikely to get the other one back—

**Rear Adm. Ritchie**—Currently there are one or two—

**Senator CHRIS EVANS**—with rotation, repairs and so on. How long have the survey ships been on this task?

**Rear Adm. Ritchie**—Since Christmas, I think. I could stand corrected, and I could tell you that on notice.

**Senator CHRIS EVANS**—Thanks for that. You say that you have done some alterations to the configuration of the ship, to make it more suitable for this work.

**Rear Adm. Ritchie**—Yes. The sorts of things that are meant by that, particularly in the case of the survey vessels, is that they needed to have fitted the sort of boat that could be used for boarding operations. These are rigid, inflatable boats and they needed different launching arrangements to be able to do that. So those changes were made. I have something here which might give you the answer as to when they were employed—but it does not. I will get back to you on that.

**Senator HOGG**—Was the tempo of this operation run down over the cyclone season in the north?

**Rear Adm. Ritchie**—No, it was not. There is a lot of mythology about the cyclone season; a lot of it has appeared in the press. If there are two routes in this operation and one is down in the western edge of the AOs down through Christmas Island and the other is in the eastern edge down through Ashmore, historically the pattern in Ashmore has never changed in the cyclone season. In fact, in some years it has gone up. The reason for that is that it does change in the western side and so people are less likely to come out of the Sunda Strait, out of the western end of Java and Sumatra and down into the open Indian Ocean in the cyclone season and, therefore, it has all tended to move across to the eastern part of the area. So there was no change in the tempo of the assets committed to the operation. We may have changed the way in which we employed the assets inside that AO in order to cope with the expected difference in the way that people arrived, but traditionally—not this year of course, but traditionally—people continue to arrive during the cyclone season.

**Senator CHRIS EVANS**—What allowances are being paid to personnel involved in Relex II?

**Rear Adm. Ritchie**—There are no allowances other than those that are normally paid to seagoing personnel in non-warlike operations. There is no specific allowance struck for Relex II.

**Senator CHRIS EVANS**—Are the Army getting a seagoing allowance as well?

**Rear Adm. Ritchie**—They are probably getting some sort of allowance for the benefit of being able to live on one of Her Majesty's Australian ships, yes. It used to be called hard-lying allowance; I am not sure what it is called anymore.

**Dr Hawke**—I understand that they do get an allowance.

**Senator CHRIS EVANS**—Can somebody tell me what that is?

**Rear Adm. Ritchie**—Rear Admiral Russ Shalders may be able to help us on this.

**Senator CHRIS EVANS**—He is not looking all that confident.

**Rear Adm. Ritchie**—It is something called hard-lying allowance, and that is for the living conditions which are not the norm. I could not tell you what the rate is, but again we can find that out.

**Senator CHRIS EVANS**—If you would not mind taking that on notice, I would appreciate that. So the sailors themselves are not in receipt of any warlike or other type of zonal allowance?

**Rear Adm. Ritchie**—No.



**Senator CHRIS EVANS**—I gather there was a proposition that they get an allowance. Did that not proceed?

**Rear Adm. Ritchie**—Clearly the sailors who are employed there would like to have an allowance, but that proposition has not succeeded in gaining any credibility and, indeed, it is not allowed for under the current regulations.

**Senator CHRIS EVANS**—It is not allowed for?

**Rear Adm. Ritchie**—Because the service is neither warlike nor operational but non-warlike.

**Senator CHRIS EVANS**—I am glad that Senator Hill has returned to the room. I read a press report that Senator Hill was to take a proposition to cabinet to include the payment of allowances for those involved in Relex. You say that you have received some sort of legal advice that it is outside the guidelines.

**Rear Adm. Ritchie**—I am not saying that I have particular legal advice; I am saying that it is outside the guidelines. I am not sure what Senator Hill has.

**Senator CHRIS EVANS**—We were discussing the question of whether allowances were paid in Relex at all, Minister.

**Senator Hill**—There is a definitional issue here as to whether forces deployed on various missions are being treated equitably in terms of allowances. I stressed at the time that I was not quarrelling about those who were receiving allowances associated with warlike conditions. But I made specific mention of certain other missions which I believed, either because of the dangers involved in them or because of particularly difficult or unpleasant work, were not being adequately encompassed within the existing definitions, and a process of investigation has been instituted. Coincidentally, it started within Defence before I had made those comments, I was pleased in a way to learn. That process is being progressed at the moment through development of a discussion paper and there will be a wide input into it. Out of that will be consideration as to whether the various definitions associated with allowance should be modified.

**Senator CHRIS EVANS**—Is that discussion process going to be a public process in the sense of the various interest groups in defence areas being involved or are you talking about just inside the department?

**Senator Hill**—I am talking about inside the defence community, which in effect is a public process.

**Senator CHRIS EVANS**—So the various defence organisations will be involved in that discussion?

**Senator Hill**—Yes. Like all these things, it is not straightforward and would benefit from input from all of those who have particular experience or an interest in the subject.

**Senator CHRIS EVANS**—I have certainly run into two views: a very strong view about payment of allowances and, from others, a very strong view that no allowances should ever be paid, on the basis that that is what they are trained and employed to do and it ought to be recognised as part of the salary package more generally. Obviously, they are two quite conflicting views. I share a similar view to you, Senator Hill. The issues of Relex and a few other anomalies that seem to be around the place have been raised with me on a number of occasions, and there does not necessarily seem to be a sustainable logic about some of the decisions. So I take it that the whole thing is under review?

**Senator Hill**—Obviously the categories were determined before various missions. Thereafter there is an effort to fit the mission within the categories, and you find that the categories are not necessarily well defined in terms of our new and emerging experiences.

**Senator CHRIS EVANS**—Is that true of Afghanistan? It was a cabinet decision, wasn't it, on the Afghanistan allowance?

**Senator Hill**—The allowances that get paid is a separate process again. They are two different processes. One is determining the various categories and the other is determining the allowance that will apply to any particular mission within a category. As I understand it, Afghanistan is warlike conditions, but the allowance that is going to be paid is not necessarily the same for all warlike conditions; it is determined according to the particular operation.

**Senator CHRIS EVANS**—So you could be at two different wars, as it were, but be paid a different rate?

**Senator Hill**—That is as I understand it.

**Senator CHRIS EVANS**—How is the rate struck on each occasion—by cabinet decision?

**Senator Hill**—The process has been a recommendation to the minister responsible for personnel issues. I cannot remember whether it is done by regulation. I think it is set by the government through the minister who has the responsibility for that task.

**Senator CHRIS EVANS**—So Defence recommends that service in Afghanistan, for instance, will be category 1 but the minister then has to make a determination at what rate that is paid? Is there a band or is it just arbitrary? I do not mean 'arbitrary' in a critical sense.

**Senator Hill**—I do not think there is a band, but it is basically taken from previous experience. Defence may recommend that service in Afghanistan is so arduous or so dangerous that there should be a higher figure than might have applied to a previous conflict. It is a decision taken by government.

**Senator CHRIS EVANS**—One of the issues in Relex is the fact that that it does not meet the definitional requirements of a form of warlike service. Is that fair?

**Rear Adm. Ritchie**—That is exactly the point.

**Senator CHRIS EVANS**—What is below warlike service?

**Senator Hill**—There is a non-warlike condition. There is a series.

**Rear Adm. Ritchie**—There are two types of operational service. One is warlike and one is non-warlike.

**Senator Hill**—I think there are more than two actually; there are a few of them. So out of this process there may be definitional change, but there also might be a look at the second stream, whether it can be fixed through the allowances. In other words, non-warlike in Bougainville might be, in terms of the remuneration, treated differently, more akin to what is being paid under a separate determination for warlike. It seems to me there are a number of ways to approach the matter. All I have said is that it should be approached because I think there are anomalies that need to be addressed, and that examination is now taking place.

**Senator Hill**—Air Marshall Houston, were you wanting to help us?

**Air Marshal Houston**—Just to confirm that there are three categories: there is warlike, non-warlike, and if you do not meet either of those categories it is peacetime. You can get the situation, as we have—

**Senator CHRIS EVANS**—Non-warlike is not peacetime, is it?

**Air Marshal Houston**—Non-warlike is not peacetime. I have not got the exact—

**Senator CHRIS EVANS**—It is like a gradient between the two, is it?

**Air Marshal Houston**—It is hazardous service, but it is not war-fighting conditions.

**Senator HOGG**—Is it more peacekeeping?

**Air Marshal Houston**—No. It depends. For example, in Timor we have three categories. There are people who are up on the border under warlike conditions and there are people who are on specific tasks, government assistance tasks, who are on peacetime conditions. So it all depends on the task that you are doing. It is not related to the area; it is related to the tasks that you are performing. At the moment, the only people on warlike conditions are in Afghanistan, in the war on terror, and in Timor on the border. And anybody who is in the peacekeeping game, like Bougainville, is on non-warlike. But there are other people who are providing assistance to governments, like the government of East Timor, who would be on peacetime conditions because of the tasks that they are performing.

**Rear Adm. Ritchie**—The other point is that those definitions decide on what term of recognition people qualify for—either the Australian Active Service Medal or the Australian Service Medal—and therefore the differences in veterans' entitlements and things that go on for the rest of your life. So it is not something I think you approach lightly.

**Senator CHRIS EVANS**—No. I make the point I have had a range of approaches about these issues which I thought were serious and did seem to throw up some anomalies. I have had a number of members of the House of Representatives speak to me about it as well who have constituents who have raised Bougainville, for one. Obviously with any system like that there is going to be a range of anomalies. So basically is it fair to say the whole thing is under review, Minister? Is that a reasonable summation?

**Senator Hill**—Yes.

**Senator CHRIS EVANS**—Is there a time frame for that?

**Senator Hill**—No, but we are wanting to move it along, and the goal is to see whether the existing system can be improved.

**Senator CHRIS EVANS**—What is happening with the definition of operations in East Timor? I gather when the UN mandate was to change the allowances were to change. That has not happened, I gather. Can someone give me an update?

**Senator Hill**—There is a new mandate. The basis of the mandate is still chapter 7—that has not changed. It is designed to operate for two years, but within the existing rules of engagement for one year. We have not at the moment changed the conditions that apply to our forces and we review it from time to time.

**Senator CHRIS EVANS**—Will that change come when there is a change in the rules of engagement or a change in the UN mandate?

**Senator Hill**—The UN mandate is taken into account in the decision that we make on whether war-like conditions pertain.

**Senator CHRIS EVANS**—You have made a decision to continue the payment of the war-like allowance since independence?

**Senator Hill**—We have on an interim basis. We have not yet considered the full consequences of the new mandate and the like. We will do that in the next few months. It is fair to say that the UN is obviously of the belief that, notwithstanding independence, robust powers for the peacekeeping force are still wise. That gives us some guidance, but we will take into account the advice from Defence also as to how they assess current conditions.

**Senator CHRIS EVANS**—From what I saw of our operations on the border, they are still working in very trying conditions. It certainly does not look like just a peacekeeping role in the sense of how they live and what they do. Those rules of engagement have not changed?

**Senator Hill**—There is no argument about trying conditions. That is not really the question, because you could still have trying conditions that do not attach the level of threat that you would normally associate with war-like conditions.

**Senator CHRIS EVANS**—I can see that. Effectively, our rules of engagement in Timor have not changed since the declaration of independence. I was up there before. Those rules of engagement and the way they are operating have been maintained, have they?

**Senator Hill**—Yes. Our rules of engagement are unlikely to change because the new mandate has been maintained pretty much in the same terms as the old one.

**Senator CHRIS EVANS**—That was contrary to expectations, wasn't it?

**Senator Hill**—Yes, most thought that with independence the UN would be looking for the force to assume more of a traditional peacekeeping role rather than a peace enforcement role.

**Senator WEST**—Are they looking at an exit date?

**Senator Hill**—Most people are hoping that the UN military presence will be concluded in this two-year period. Basically, it will be phased down over the course of the next two years. It is already being reduced. The UN force is coming down from about 6,500 to about 5,000 and the plan is for a steady reduction over the course of the next two years. If that could be achieved, it would be a very orderly way for the United Nations, at least in the peacekeeping role, to disengage. In relation to us, we will be reducing roughly in parallel with that UN guidance. As a rule of thumb, we are looking to the Australian force continuing at about one-quarter of the total force. Sometimes it will be over that, but basically that is what we are seeking to achieve.

**Senator WEST**—Where are we now?

**Senator Hill**—By the end of this month we should be down to 1,250.

**Senator WEST**—That is one-quarter of 5,000. So we have actually got to our one-quarter?

**Senator Hill**—Yes, but with the next UN reduction we may turn out to be over the one-quarter simply because of our preferred force structure in terms of self-protection and the like.

**Senator CHRIS EVANS**—Is that argument about how we might configure our troops continuing? There was talk about a joint battalion. I gather there was some reluctance on our part to that.

**Senator Hill**—Discussions with the UN are continuing. We have made decisions to continue our four-company battalion. The UN is still urging that we reduce that, and we are continuing a constructive dialogue with them.

**Senator WEST**—I think I heard the Prime Minister announcing that we would be sending reserve units. Is that correct?

**Senator Hill**—Yes, we have decided that the fourth company will be a reserve company. I think that is the first fully deployed reservist infantry company. They are very excited about that. I think it is a good thing for the reservists to be given an opportunity such as this. It is actually costing the government more, but we think there are considerable benefits flowing from that.

**Senator WEST**—Where are they likely to be deployed?

**Senator Hill**—They will be in the October rotation. They are coming into training now.

**Senator WEST**—What is the cost of that training in terms of payments to employers and things like that?

**Senator Hill**—There are various programs. We can try to get you a breakdown. It will differ from employer to employer. There is no doubt that there are additional costs to the taxpayer and to employers through this decision, but we think it is a good one in the national interest. It is certainly very widely supported within the reservist community.

**Senator WEST**—How many people will be in the reserve company that goes?

**Senator Hill**—About 120 to 130.

**Senator WEST**—I presume you are not going to be able to just walk up to one unit and say, 'Right, you are going.' How are you going about selecting these people?

**Rear Adm. Ritchie**—They are coming from a variety of units. I think it would be a better question for Army when General Cosgrove comes.

**Senator Hill**—The difficulty is in the choice because a large number of reservists would jump at this opportunity.

**Senator CHRIS EVANS**—It is also true to say that a large number of reservists have actually entered full-time service in the last couple of years and gone to East Timor.

**Senator Hill**—There are a considerable number of reservists working as individuals integrated within the force in East Timor. They have done an excellent job. They are not just in the specialisations that we naturally think of such as the medical area but across the force. As an outsider, the way they have integrated is very encouraging on both sides of the equation.

**Lt Gen. Mueller**—With regard to the comment the minister just made, it is perhaps salutary to remind ourselves that there have been some varying degrees of tension between permanent force and part-time force members since Federation. That would have applied from not long after Federation until the end of the Second World War—the militia—although many served commendably on active service in the south-west Pacific.

Those sorts of tensions probably arose from time to time during the era of the Citizen Military Forces. Part of the reason for that was that part-time forces have long been viewed as an expansion base for a much larger force, which we may need if there were a fairly significant threat to the integrity of our sovereignty. Clearly the white paper indicates that a major invasion of Australia is not a critical contingency. A major attack on Australia is a very remote contingency, and even minor attacks on Australia in the form of harassment and raids would only be credible in the event of a significant dispute between ourselves and a regional neighbour. No such dispute exists and one is not in prospect.

But the 2000 white paper changed the perspective as far as the deployment of the Reserve is concerned, in that its role now is to support the sorts of operations that the Australian

Defence Force is increasingly involved in. Currently, we are involved in three major operations and about 11 minor operations. As the minister indicated, we have previously deployed substantial numbers of reservists, specialists and, of course, a significant number in units like the 6th Battalion of the Royal Australian Regiment in Timor. This has inevitably led to much tighter integration of the permanent and part-time forces. I think that, certainly for the first time in my 41½ years service, we can now generally view ourselves as a total force. The level of mutual respect between permanent force members and reservists is now very significant; in fact, when Major General Peter Abigail, the Land Commander, visited 6RAR in Timor he made the comment that it was not possible to distinguish between a permanent force infantryman and a reserve force infantryman. It has done a great deal for the status and esteem of the Reserve itself, and I would say that perhaps the bottom line is that there are young men and women in the Reserve who today wear the same ribbons as permanent force members.

**Mr Williamson**—On the question of the employer support payment, we have estimated that for each month of service it will cost just over \$100,000. So a yearly cost will be just over \$1.1 million to \$1.2 million in employer support payments.

**Senator CHRIS EVANS**—That is the employer support payments for this company?

**Mr Williamson**—Yes, for this deployment.

**Senator CHRIS EVANS**—And is that done on the basis of the people you have recruited, or just on average costs?

**Mr Williamson**—We have taken an estimate of the number of people we think will deploy who will be subject to some form of employer support payment. So we are not suggesting that the whole company will be fully deployed and, therefore, employer support payments would flow to everyone. We think those who would be subject to some form of payment would number around 80.

**Senator CHRIS EVANS**—The others may have been students or unemployed?

**Mr Williamson**—The others could have been unemployed at the time or come straight in, yes—all sorts of things.

**CHAIR**—So you have taken the 80 and multiplied it by the formula for the average weekly earnings?

**Mr Williamson**—Yes.

**CHAIR**—And the period of the engagement is likely to be for how many months?

**Mr Williamson**—We have worked on running this through to May next year because we have not only the deployment but also at the other end the run-down when they come back—when they go on leave and those sorts of things. So there is a training period, deployment period and post-deployment period cost.

**CHAIR**—Do you have any projected resettlement or ongoing costs that reflect the conditions that have applied to these Army Reserve soldiers since they have been on active duty?

**Mr Williamson**—I am not sure of your question.

**CHAIR**—I am asking in relation to an ongoing education commitment or the triggering of certain obligations that regular soldiers have that the Reserve do not normally qualify for.

**Mr Williamson**—While they are over there, they will be on full-time service; therefore, they would be subject to a range of conditions that are available to regular force personnel. As to the specifics of their resettlement, I do not have that information with me.

**CHAIR**—No ongoing benefits once they leave their full-time service?

**Mr Williamson**—Once they have resettled, no.

**Senator WEST**—Will they be out of pocket in any way, shape or form? There have been occasions before when we have sent reservists with regulars and the reservists have come out financially worse off because of the impact of superannuation and other payments, as well as the taxation issue.

**Mr Williamson**—I would not expect so, mainly because with superannuation, for example, once they come back the superannuation would then roll over, as superannuation does when you change employer. There should not be a detriment in that sense.

**Senator WEST**—I have not had a definitive commitment. Could somebody take that on notice?

**Senator Hill**—I do not know that you can get a totally definitive commitment, because every individual circumstance differs.

**Senator WEST**—But the salary, the conditions and the terms of their engagement now and on this deployment are such that they will be treated exactly the same as the regulars, the permanent force that is going?

**Senator Hill**—I do not know whether that is straightforward either. There are probably all sorts of costs and benefits in being a regular.

**Senator CHRIS EVANS**—I am sure it is not straightforward.

**Senator WEST**—That is why I am not getting an answer.

**Rear Adm. Shalders**—While serving in East Timor, they will accrue the same benefits as full-time soldiers. That will include war service leave. They will have access to the military compensation scheme in the same way that full-time members accrue those benefits.

**Senator WEST**—Will those soldiers who are sent to the border get the maximum allowances and become eligible for the DVA entitlements?

**Rear Adm. Shalders**—That is correct. They will be treated in exactly the same way as full-time members.

**Senator WEST**—So none of us should get any complaints from anybody saying, ‘This is actually costing me money’?

**Senator Hill**—What we should or should not get is in the realm of uncertainty.

**Senator WEST**—Not what they would have got from their private employer or their business but when they take into account what they get in reserve pay as opposed to permanent pay.

**Rear Adm. Shalders**—They will be paid at full-time rates whilst serving. They will also receive the \$125 a day East Timor peace enforcement allowance. They will be treated exactly the same way as full-time members.

**Senator WEST**—I had complaints from some people in Bougainville, who went up as reservists, that they were getting different rates at some stage. I do not want that to be

happening. It was resolved, but I want to make sure that it does not happen here. You assure me it is not.

**Senator CHRIS EVANS**—Minister, I presume Defence would have thought of this, but as this is the first time we have done this for a while it would be very useful to have at the end of the process a summary report of the experience and some idea of the debrief of the experiences of the reservists involved. I am interested in a report on how it went, what the problems were, what the reservists' experiences were, what issues Defence took from it and what issues the reservists took from it. General Mueller made a very useful contribution about the importance of the change in the approach. It would be useful if, at the end of the process, we had a proper assessment not only of the successes or failures but also of the implications for Defence and for reservists. I throw that in as a suggestion. I am sure others have come up with it.

**Senator WEST**—It could include things like how you maintain the corporate knowledge that those reservists have, because they move back out into civvy street for most of the time after they come back.

**CHAIR**—If your statements are framed as questions, I am sure that will be done. If there are no further questions on that, we will take a short break.

**Proceedings suspended from 10.40 a.m. to 10.57 a.m.**

**CHAIR**—Do you want to say something, Admiral Ritchie?

**Rear Adm. Ritchie**—I now have the answers to two of the questions on notice.

**CHAIR**—Please give them now.

**Rear Adm. Ritchie**—The first question was: what is the rate of hard lying allowance that is paid to members of the transit security elements in Operation Relax? The answer to that is \$21.98 per day. The second question is: when did hydrographic ships first take part in Operation Relax? The first ship was HMAS *Leeuwin*, which commenced operations on 14 November last year.

**CHAIR**—Thank you.

**Senator WEST**—Can I continue with the UN, East Timor and so on. There was a recent Audit Office report into the deployment which found that Australia is not claiming its full entitlement from the UN. Can Defence confirm how much we were entitled to claim from the UN in 1999-2000, 2000-01 and this financial year?

**Dr Hawke**—We will have to take that one on notice. We will get an answer for you on that.

**Senator WEST**—What did we actually claim in each of those years?

**Dr Hawke**—I do not know—

**Senator WEST**—You do not know that either?

**Dr Hawke**—I do not have the person here who could answer that. It is quite technical and detailed information, but we will get you an answer.

**Senator CHRIS EVANS**—There is a more general question—

**Senator WEST**—As to why?



**Senator CHRIS EVANS**—Sorry, just in relation to that, I have noticed this. Do I have it wrong or is there not separate identified funding for East Timor in this budget like there was in the last ones?

**Senator Hill**—For Senator West's benefit, I can say that I have now been assured that we are making full claim—that we are now fully claimant upon our entitlements. I took her question to be historical, and we will see what information we can get on what may not have been claimed.

**Senator WEST**—And why not.

**Senator CHRIS EVANS**—We are all interested to see what proportion of our costs are actually reclaimable. I know we are not able to claim it all. There are set rates from the UN et cetera.

**Senator Hill**—We are into the forward costs of deployment argument again, aren't we?

**Senator CHRIS EVANS**—No, we are not, actually.

**Senator Hill**—It is easier for us to say what we are entitled to claim and whether we have claimed it. On the historical question of why we did not, I suspect the answer will be that it was overlooked but I will ask the relevant officials and see what response we get.

**Senator WEST**—Whose head rolled for it being overlooked? Does this money that is claimed go back to Defence or does it go into consolidated revenue?

**Mr Roach**—It goes back to the central budget. It is not retained by Defence.

**Senator CHRIS EVANS**—Is that why there was not such a keenness to get it back?

**Senator WEST**—It did not really make any difference to you people.

**Dr Hawke**—It does because it affects our credibility with the central agencies. We do go to some lengths to make all of this material quite transparent to them so that they can be reassured that we are not pocketing any of this or siphoning off any of the money ourselves.

**Senator WEST**—While you are getting me the figures for the previous years, can you also give us some indication, on notice, of the amount we will be entitled to claim for 2002-03?

**Dr Hawke**—We will not know that until after we have done it. That is the problem.

**Senator WEST**—It is all post facto.

**Dr Hawke**—Yes, it is all post facto. It is fair to say there have been delays between when we submit the claim and when the UN reimburses us. The Australian government and the taxpayer have to pick up that difference, of course.

**Senator Hill**—There also may be an issue as to what the difference would be if, for our own internal reasons, we decide to keep a force other than in the structure and of the size recommended by the UN.

**Senator CHRIS EVANS**—Might they play hardball over that?

**Senator Hill**—I am expecting that if we keep a force over the size they recommend, we will not get the benefits for the additional persons. If that is what the rules are, we will cop that. Keeping the force that we think is necessary for our own protection in our view outweighs that loss of revenue from the UN. I am only saying that in the context of predicting that the money for next year is not straightforward.

**Senator WEST**—What sort of delays are we talking about, Dr Hawke?

**Dr Hawke**—It varies with each of the individual claims. It depends a bit on the verification measures that the UN goes through to ensure that what we are providing to them is correct weight.

**Senator WEST**—Are we talking days, weeks, months or years?

**Dr Hawke**—Sometimes it can be months.

**Senator WEST**—So we do not just put in one claim?

**Dr Hawke**—My understanding is that we put them in in a series. What we will do is get the person who is involved in this to come across with the answers to your questions and to any further issues.

**Senator WEST**—I am happy for it to go on notice, but that is the sort of issue I am trying to flesh out.

**Senator Hill**—We will get you an answer.

**Senator CHRIS EVANS**—I wanted to follow up a related issue. In trying to get to the cost of Timor, Senator West raised one of those issues about UN reimbursement. In previous budget papers we had separate identification for funding for East Timor. Is it still there and I cannot find it, or is it not there?

**Mr Roach**—No, it is not there. You will recall that the East Timor funding was really in two buckets, if you like: one associated with the deployment costs and the second one associated with the additional forces that we generated in Army and in Air Force to be able to sustain the operation.

As part of the white paper, we were able to keep that money because government wanted us to maintain those forces, irrespective of whether they were in East Timor or not. The force generation costs are now simply part of our normal budget and we do not distinguish between the additional battalions and the increase in Air Force's operational support group from the rest of Air Force or from the rest of Army. They are simply part of our base.

**Senator CHRIS EVANS**—I understand that about the force generation argument, but that does not apply to the costs of the deployment to East Timor, surely?

**Mr Roach**—No.

**Senator CHRIS EVANS**—Where do I find them in the budget?

**Mr Roach**—They are not in the PBS, but we will be required to report on those at the end of the year.

**Senator CHRIS EVANS**—I understand your argument about the cost of the force generation because the government said you could maintain the forces beyond 2004-05, as I recall, when they were otherwise due to—

**Mr Roach**—Yes, 2003-04 is the last year that we have budgeted for deployment costs in support of forces in East Timor.

**Senator CHRIS EVANS**—How do we track the budgeted costs of deployment in East Timor in the PBS now?

**Mr Roach**—In this PBS you cannot.

**Senator CHRIS EVANS**—Why not?

**Mr Roach**—I am not aware of why we did not put in that table on deployment.

**Senator CHRIS EVANS**—Can you tell us how much the deployment in East Timor is going to cost in this financial year?

**Senator Hill**—Calculated on what basis—additional costs?

**Senator CHRIS EVANS**—This is getting beyond a joke. You are not prepared to let us know how much the deployment in East Timor costs?

**Senator Hill**—I will let you know the additional costs to government.

**Senator CHRIS EVANS**—This has been in the budget papers for the last two years. This information was provided in the past and now you are not providing it. Why?

**Senator Hill**—I will let you know our estimate of additional costs in deployment in East Timor—the additional costs associated with the operation.

**Senator CHRIS EVANS**—Quite frankly, Senator, that is not satisfactory. Why doesn't the PBS include the information about the costs of deployment to East Timor, as has been provided in the last two budget documents?

**Senator Hill**—I do not know the answer to that. Why did we not include it this year? Is it because it has been absorbed within ongoing costs rather than treated as a separate item?

**Mr Roach**—We had one table which addressed both deployment and force generation. The force generation is no longer linked to the operation in East Timor; it is simply part of Defence's funding for capability. We can provide the deployment costs on budget estimate.

**Senator CHRIS EVANS**—So you are telling me that the PBS contains no information at all on the cost of operations in East Timor?

**Mr Roach**—The net additional costs are included as part of output 1.

**Senator CHRIS EVANS**—Where do I find them in output 1?

**Mr Roach**—We do not have that element in the PBS this year. We need to provide it.

**Senator CHRIS EVANS**—So this year's defence budget provides us with no information at all on the costs of our operation in East Timor?

**Mr Roach**—Not as a specific line item, no.

**Senator CHRIS EVANS**—At the risk of repeating myself, why not? It seems like a fairly large oversight.

**Senator Hill**—From listening to the official, I think it is because it is now a mature responsibility. It is an ongoing commitment and, on the basis of the information that has been previously provided, honourable senators would have a fair indication of the additional costs involved to government. But, always wanting to be helpful, if the committee wants us to attempt to calculate the additional costs for the budget year as a separate item, then we will seek to do that and provide the information.

**Senator CHRIS EVANS**—I make the point that the other mature ongoing costs of defence are generally included in this budget for the year. We just do not say that, because we spent money on it for the last couple of years, we do not have to put it in the budget anymore. It seems a remarkable omission that East Timor suddenly fits that category.

**Dr Hawke**—It is in the budget, it is just not identified as a separate line item in the same way as the other items in table 2.1 are not identified as separate line items. The point that Mr Roach was making was that the costs associated with the generation of the forces to go to East

Timor are now actually in the baseline and so they are not separately identified; they are just part of the ongoing force. When the government raised the additional forces for East Timor, they raised them as a temporary measure which, in the white paper context, they turned into a permanent addition to the Australian Defence Force. So that money was then reflected, following the white paper, in the base funding for the ADF.

**Senator CHRIS EVANS**—I have already indicated that I accept that explanation for those, but we have had a debate about the allowances paid, about all the other commitments. You cannot tell us what we are getting back from the UN—

**Dr Hawke**—We can, we will be telling you that. The other issue is that it goes to the net additional costs, but since we have not finished this financial year, we will only be able to calculate what those costs are on completion of the financial year. So we will be doing that in the July-August time frame.

**Senator CHRIS EVANS**—Those were the questions from the last round of estimates.

**Dr Hawke**—Yes.

**Senator CHRIS EVANS**—What I was after was, in the portfolio budget statements for 2002-03, what provision has been made for East Timor?

**Dr Hawke**—And I think the minister indicated that we would get an answer for you on that.

**Senator CHRIS EVANS**—And for the out years as well?

**Dr Hawke**—I am not sure that there is anything in the out years. It is just for this—

**Mr Roach**—And 2003-04.

**Senator CHRIS EVANS**—It was in there for 2003-04 last year, that is what I am saying. In terms of tracking it, you gave it to us last year, but this year it has disappeared.

**Dr Hawke**—We will give it to you.

**Senator WEST**—Is there anything there for 2004-05?

**Mr Roach**—Not for deployment, no.

**Senator WEST**—Are there any BAE Systems employees that are deployed to East Timor?

**Rear Adm. Ritchie**—As in British Aerospace?

**Senator WEST**—I cannot think of any other BAE.

**Senator Hill**—Deployed by us?

**Senator WEST**—Yes, to provide maintenance and repair services. Who is providing your maintenance and repair services in East Timor?

**Senator Hill**—For what?

**Senator WEST**—Any of your maintenance and repair services.

**Senator Hill**—We use a lot of outside contractors.

**Senator WEST**—Your CSPs and stuff—

**Rear Adm. Ritchie**—Major General Haddad has an answer to that question.

**Major Gen. Haddad**—Senator, there is a contract that we have let with British Aerospace in East Timor, so they are resident British Aerospace employees located in East Timor and it is an in-country contract providing maintenance services for vehicles and equipment.

**Senator WEST**—Does this mean that they are providing skills that are no longer available to the ADF? What is the reason for using them and not using ADF personnel?

**Major Gen. Haddad**—This is part of our substitution of forces in East Timor. Rather than taking additional ADF assets to East Timor, we sought to establish contracts in-country and British Aerospace had a capability in there. Part of our normal doctrine, where it is sensible to do so, is that we place contracts with local suppliers. In this case it was British Aerospace.

**Senator WEST**—Are they supplying to any of the other forces there?

**Major Gen. Haddad**—I could not answer that, Senator.

**Senator WEST**—It would be interesting if they were only supplying to the Australian forces.

**Major Gen. Haddad**—I would imagine that they would be providing services to local people as well as to other UN or coalition assets.

**Senator CHRIS EVANS**—So what is the breadth of the in-country contracts that you have entered into—just to give me an idea of the scope?

**Major Gen. Haddad**—I could check the figures in a second.

**Senator CHRIS EVANS**—I did not mean financially; I just mean that there is a range of services—

**Senator Hill**—What services do they provide for us?

**Major Gen. Haddad**—The services they are providing for us at the moment are in the maintenance of vehicles and equipment. I can give you the value of that contract.

**Senator CHRIS EVANS**—That is BAE. You have got other contracts as well in-country?

**Major Gen. Haddad**—We have contracts in-country for the cleaning of equipment prior to evacuation to Australia and contracts to support formed units departing the country. We have some minor contracts for the repair of refrigeration and calibration of equipment. So there is a range of activities either done through resident in-country contracts or where we bring a contractor in to East Timor to do the work.

**Senator WEST**—In the situation where you bring contractors in, how many contractors have you brought in?

**Senator Hill**—It is a confusing question.

**Senator WEST**—It was a confusing answer for me.

**Senator Hill**—Can we provide a list of the service contracts that we have entered into? Because we do not bring the contractors in as such; we are letting certain contracts to the private sector. We can give you a list of those contracts—

**Senator WEST**—And whether they are in-country or—

**Senator Hill**—and the work that they cover. If you like, we can attach figures to those contracts.

**Senator WEST**—What I am interested in is the number that are actually in-country, that were indigenous services already in the area, and the number that have had to be relocated into the job.

**Senator Hill**—Historically I suspect that very little was offered in terms of indigenous services. You are talking about building a new nation here and new capabilities.

**Senator WEST**—Have we seen over the three years, or however long it has been going on, an increase in the use of indigenous services as well? As you say, Minister, this is a developing country. It is starting itself off basically from nothing. This would be one way of actually extending aid in a different manner to build up a level of resources and a skill base in that country. Or are we—Australia and the UN—still importing all of those resources? Maybe it is a question which should be directed to Foreign Affairs, but it has a Defence implication here.

**Senator Hill**—Do we have any information on that?

**Major Gen. Haddad**—I have the details of the contracts, which I can give you now. The British Aerospace one is \$900,000 per annum and that is a contract for services provided in East Timor; we have put the contract with a local provider, in this case British Aerospace. BAE Systems have a separate in-country contract for the servicing of generator equipment, and that is valued at \$28,000. The remainder—of which there is quite a large list—are contracts that have been let in Australia for services provided into East Timor. I can go through those if you wish.

**Senator CHRIS EVANS**—The BAE servicing of vehicles—are they specialist vehicles? I know you have your own mechanical people supporting your trucks and other vehicles on the border. Are they doing specialist services or are they just general backup?

**Major Gen. Haddad**—No, it is a substitution. We would have the choice of putting additional ADF assets in there to conduct these repairs, but in the nature of that operation at this stage it was sensible to allow a local contractor to do that work if we found one who was qualified to do it.

**Senator CHRIS EVANS**—You are doing some of it in-house—I met some of your mechanics and others who were doing it at the time when I was there, so clearly you have people on the ground doing some as well.

**Major Gen. Haddad**—There is a maintenance capability integral to our force that does some of the maintenance. The overload work we could either off-load to a local contractor, which we have done in this case, or evacuate it to Australia—so we are using British Aerospace instead of evacuating equipment.

**Senator WEST**—So the only service that is being sourced in-country is the two BAE contracts?

**Major Gen. Haddad**—That is by the Australian Defence Force, Senator. The United Nations—

**Senator WEST**—I am not interested in that. I am interested in Australia.

**Major Gen. Haddad**—That is the only one that we are doing at the moment.

**Senator WEST**—So all of the other contracts that we are letting we are letting in Australia for people to travel to East Timor?

**Major Gen. Haddad**—Or to provide equipment into the theatre. For example, there are contracts for floodlighting equipment which is leased out of Darwin. The equipment is placed into Timor and that comes with a support contract.

**Senator CHRIS EVANS**—Does the Defence Force have a policy about in-country versus Australian contracting? Do you have a sort of statement of policy?

**Major Gen. Haddad**—Yes, we do.

**Senator CHRIS EVANS**—What is the general direction of that?

**Major Gen. Haddad**—It depends on the level of threat, so an assessment is done. If there is the likelihood that you would be placing contractors at risk you do not do it. In the circumstances in East Timor we did not do it in the early days; as the situation stabilised it became a sensible practice.

**Senator CHRIS EVANS**—And do you have a range of tasks that you have identified as suitable for contractors versus those that you regard as suitable for corps services?

**Major Gen. Haddad**—The ultimate limit is that everything we do in a logistic support sense is a potential candidate to be done by a contractor if the circumstances allow it. Our doctrine would normally have us use our own organic assets on an initial deployment, and as time passed and the situation changed we would seek to substitute. The organic stuff that you would have seen over there, integral to the operation of the force, would always be done by ADF assets. It is the level below that that we are looking at.

**Senator WEST**—Is there any consultation and consensus having to be arrived at between Defence and the providers of these services as to the level of risk? Are you having any disagreements about what the level of risk might be and are these contractors therefore wanting to load up the contract with additional risk money?

**Major Gen. Haddad**—I could not give you any examples of that, but clearly we have done an evaluation and we have informed them of what we believe is the level of risk. I am sure they make their own judgments and they would bid based on their knowledge and what we have advised them.

**Senator WEST**—Presumably the price at which you are seeking to have a certain service provided takes that into account. Is there any disagreement when you are coming to relet contracts? Are you seeing a price increase because some of them are saying, 'It is riskier than we thought and we want to add in an additional loading'?

**Major Gen. Haddad**—I have no evidence of that occurring.

**Senator CHRIS EVANS**—Do you have a policy in terms of local employment? Do you have a policy—obviously, as you say, as things stabilise and you have a big presence there—of encouraging local in-country contracts versus out-of-country contracts? I am trying to find out what is the framework for the operations.

**Major Gen. Haddad**—Rather than a policy there is a doctrine statement about employing contractors in the area of operations. It is something which was developed based on our initial experience in Timor. The doctrine has always been that if there is a suitable local provider you would go to that suitable local provider rather than bring assets into the country.

**Senator CHRIS EVANS**—What about if it is a local provider versus a Darwin based provider or what have you? Is there a local content policy?

**Major Gen. Haddad**—Not that I am aware of, other than that it would be sensible practice—and is in our doctrine as I said—to try and find a suitable source in-country, because that would be potentially a more efficient and effective way of doing business than bringing in someone from outside.

**Senator WEST**—Do some of these contracts have a training component for the indigenous East Timorese so that you actually build up the skill base in East Timor? Or are we just importing it all in, using it, and at the end of it we will export it all and leave them with no benefit from the skills that they could have acquired by being included in some of these contracts?

**Major Gen. Haddad**—Once again it is only my judgment, and I would suspect not, other than the British Aerospace one of course; they are providing the trained people to deliver those contracted outcomes. I know that they brought some of the work force in; whether they have a program or not of training local people I could not tell you.

**Senator WEST**—You cannot tell us?

**Major Gen. Haddad**—No.

**Senator CHRIS EVANS**—Can I suggest something that you might give some thought to. It has been raised with me by a couple of people that we are going to have an ongoing large commitment in East Timor and therefore, I suspect, be quite influential in the economy. I know there is this UN argument about our footprint et cetera, but it seems to me that skills development and training and local industry development should be part of the broader responsibility. I suppose it is a Foreign Affairs responsibility at first take, but obviously Defence, being a big contributor in the local economy, is going to be quite important in the coming years to the development of East Timor. It just seems to be worth exploring the issue and what role Defence could play in that. I just put it on the record that we are interested in that issue and we might ask you again about it some time.

**Dr Hawke**—Thank you, Senator.

**Senator WEST**—Can I turn to some reported incidents in which it is alleged that Australian soldiers threatened an East Timorese local at gunpoint.

**Rear Adm. Ritchie**—Do you have a specific question, Senator?

**Senator WEST**—I am after an update on some of the reported incidents.

**Senator Hill**—The one where we reported the allegation was being investigated by the military police?

**Senator WEST**—Yes.

**Senator Hill**—Are we able to say anything further on that at this time without interfering with the investigation?

**Rear Adm. Ritchie**—I think we can say that the three soldiers are undergoing disciplinary action.

**Senator Hill**—It seems we are, so what does that mean?

**Senator WEST**—The minister is as well briefed as we are!

**Senator CHRIS EVANS**—I take it from that that there has been an investigation and someone has been disciplined.



**Senator Hill**—There were incidents in relation to the flags, which was unsatisfactory but which sometimes happens at independence celebrations. The more serious allegation related to threats being made with weapons, and that was being investigated. The flags were returned and the allegation that weapons had been used was being investigated by the military police. That is the last I had heard. Since then the result of the investigation was that, in the assessment of the investigators, the allegation that there had been threats made was not sustained. ‘Baseless’ is the word used in this briefing note.

**Senator CHRIS EVANS**—I take it that the allegation about the flags was supported?

**Senator Hill**—The four flags were returned and an apology was offered on behalf of those who were involved. The three soldiers are undergoing disciplinary action—

**Senator WEST**—There, or have they come back?

**Senator Hill**—including being charged with theft and prejudicial behaviour.

**Senator WEST**—Are they still in East Timor or have they been repatriated back to Australia?

**Rear Adm. Ritchie**—I think they are still in East Timor.

**Senator WEST**—Were they armed at the time? I am not saying that they threatened with guns, but were they carrying arms at the time?

**Senator Hill**—They are always carrying arms there. I would expect they would be armed. They are supposed to be armed.

**Senator CHRIS EVANS**—Was this a report by our military police, Admiral Ritchie?

**Rear Adm. Ritchie**—It is the military police who investigated the incident.

**Senator CHRIS EVANS**—This is Australian military police?

**Rear Adm. Ritchie**—Yes.

**Senator CHRIS EVANS**—And they found the allegation about threatening a local at gunpoint baseless. Is that the end of the matter or are there proceedings locally?

**Rear Adm. Ritchie**—That report from the military police will go through the relevant Army chain of command, I am sure, and be reviewed. It looks pretty much from here that, other than the disciplinary action against these people for stealing the flags, that will probably be the end of the matter with respect to the allegation that they pointed weapons.

**Senator CHRIS EVANS**—I was checking whether there was any local police activity.

**Senator Hill**—There does not seem to be. It looks as though the local authorities have treated it as an Australian military disciplinary matter.

**Senator CHRIS EVANS**—Is there any indication whether the person making the allegations is satisfied with the resolution of the matter, or is that not stated?

**Rear Adm. Ritchie**—I do not have that detail.

**Senator WEST**—Have there been any incidents along the border in recent times, in the last three months or so?

**Senator Hill**—What do you mean by incidents? There are incidents every day. It is a challenging environment. Do you mean contact with militias?

**Senator WEST**—People whose behaviour is less than friendly.

**Rear Adm. Ritchie**—In the way in which this has traditionally been reported in this committee, no, there have been no contacts since 14 June last year.

**Senator CHRIS EVANS**—The question goes to the level of threat, I suppose, to Australian personnel. Basically you are saying that there have not been any incidents that would have put them at risk, effectively, other than the general environment of the border.

**Rear Adm. Ritchie**—The general environment remains very much under control. There have always been exceptions. It was thought that various events in East Timor's history would change that—that the militia would come back or whatever after the election, after independence—but none of that has yet proved to be true.

**Senator CHRIS EVANS**—I have some questions about a couple of the other operations. I was given, usefully, a breakdown and a list of Australian personnel on other operations around the world, apart from the major ones of Afghanistan, Timor and Bougainville. I must admit that at the time I was quite struck by the range of commitments. There did not seem to be many places in the world where we did not have a couple of people. I wonder whether we could have an update of that, particularly as to whether there have been any major changes. You mentioned earlier the de-mining program, and I wonder whether, as a result of our commitments in the war on terrorism, there have been any major changes to our other activities.

**Rear Adm. Ritchie**—I will run through all the operations that we have got going. We have talked about East Timor—and you are aware of the reduction down to 1,250 by the end of this month—and we have talked about Operation Slipper. We have talked about Relex II. The tempo in terms of the commitment of forces remains the same. As we have perhaps alluded to, though, we have not seen anybody since December last year. I think 16 December was the last boat. With regard to Operation Belisi, which is the peace monitoring group in Bougainville, 40 ADF personnel remain in that group of 70-odd in total. They are mostly disposed at the moment towards weapons disposal. Since the passing of the second bill on autonomy for Bougainville in the PNG parliament, that has slowed down a bit in the sense that fewer weapons are being handed in. But I think it is fair to say that, in a general sense, Belisi is going well and there is no particular cause for concern. Probably the last time we spoke we talked about an operation in the Solomon Islands, where there was an international peace monitoring team. That team is due to come out of there this month. There is only one ADF person left with that team.

**Senator CHRIS EVANS**—So we have withdrawn the team from the Solomon Islands?

**Rear Adm. Ritchie**—No, we have not withdrawn it yet but it will come out in the course of this month.

**Senator CHRIS EVANS**—When was that decision made?

**Senator Hill**—A few months ago.

**Senator CHRIS EVANS**—Was that announced at the time? It seems to have escaped me.

**Senator Hill**—I am not sure of the answer to that. Basically, it had been drawn down and was seen as having concluded its task.

**Senator CHRIS EVANS**—I thought the commitment to the Solomon Islands was likely to be ongoing.

**Senator Hill**—There is a commitment to the Solomon Islands that is ongoing but not through a military mission.

**Senator CHRIS EVANS**—Can you help me by being a bit more precise about when the decision to withdraw the military mission was made?

**Senator Hill**—I will get you the date, but from memory it was two to three months ago.

**Senator CHRIS EVANS**—What does that effectively mean—that you are withdrawing the military personnel from the Solomon Islands?

**Rear Adm. Ritchie**—We have only one military person other than those attached to the high commission. We have one adviser for the team left in the Solomon Islands.

**Senator CHRIS EVANS**—How many did you have three months ago?

**Rear Adm. Ritchie**—Only about four or five.

**Senator Hill**—I was going to say there were four. It was very small at that stage. Under our Defence Cooperation Program, there will be further work to be done by the ADF in support—Solomon Islands patrol boats and the like. Concerning that specific mission, the decision was made to withdraw the last of the military forces.

**Senator CHRIS EVANS**—So we had four to five there when the decision was made. What was their role?

**Rear Adm. Ritchie**—They were embedded in the International Peace Monitoring Team, which is made up of DFAT and police from New Zealand, Australia and some South Pacific nations. They were in there as team leaders of the people who went out and monitored the truce and as technical advisers.

**Senator CHRIS EVANS**—I suppose this is not really a question for you: has the decision been made to withdraw the police and foreign affairs people as well, or just the ADF people?

**Senator Hill**—I will get you detail of that through this committee or the foreign affairs one. I have not been as intimately involved in that peace monitoring force because it was concluding its task. I am not sure what civilian element remains, but I will get the detail.

**Senator CHRIS EVANS**—I appreciate that, but in general terms is it the government's intention to withdraw that whole team or just the ADF component?

**Senator Hill**—I prefer to get the details, but I think the task of that team was completing and it was a matter of then drawing down that task. There is going to be an ongoing need to support the Solomons through a difficult political, economic and security phase, but the task of that particular element, as I recall it, was completing.

**Senator CHRIS EVANS**—Is that to say that the rest of the International Peace Monitoring Team are withdrawing as well because the task is finished or merely that the Australians—

**Senator Hill**—I think it was just us and New Zealand. Why don't I get somebody who is well briefed on that subject to provide a report. If you want it to come to this committee, we will give it to this committee and send a copy to the foreign affairs committee.

**Senator CHRIS EVANS**—If we get to do it, I would be happy to follow this matter up. Otherwise, I am sure that Senator Faulkner will follow it up on Thursday. When will our last ADF personnel be out of there?

**Rear Adm. Ritchie**—This month.

**Senator Hill**—Under the terms of that particular mission. There still may be ADF people in support of our high commission and there may be ADF people under other parts of the Defence Cooperation Program.

**Senator CHRIS EVANS**—The last ADF person committed to the peace monitoring mission is withdrawing this month?

**Rear Adm. Ritchie**—He is moving before the end of this month.

**Senator CHRIS EVANS**—Has there been any increase in the level of threat to those personnel in recent times?

**Rear Adm. Ritchie**—There has been no real increase in the level of threat directly to ADF people in the Solomon Islands. There is in the Solomon Islands a concern for the general control of law and order, which I am sure you would have read about. It is a law and order problem; it is not a military problem, a problem of factional fighting or anything like that.

**Senator CHRIS EVANS**—Was the withdrawal of Australian personnel partly prompted by concerns about their safety?

**Rear Adm. Ritchie**—No. It is entirely to do with the utility of the particular force that was there and what it was doing.

**Senator CHRIS EVANS**—So that was purely because the role for which they were there, the peace monitoring process, had concluded?

**Rear Adm. Ritchie**—Yes.

**Senator CHRIS EVANS**—Who are the other parties to that peace monitoring presence?

**Rear Adm. Ritchie**—It is certainly New Zealand and Australia, and I have a mind that there are a very few people from other Pacific island countries. It is primarily New Zealand and Australia and it is run by Foreign Affairs in both countries.

**Senator CHRIS EVANS**—Are New Zealand and the other countries withdrawing from that role as well?

**Rear Adm. Ritchie**—Yes, in the same way that we are.

**Senator CHRIS EVANS**—We might come back to that when the witness is able to provide more information.

**Rear Adm. Ritchie**—Do you want to keep moving through those operations?

**Senator CHRIS EVANS**—Yes, thanks.

**Rear Adm. Ritchie**—Operation Cranberry is the surveillance of the north, separate from Operation Relex and aimed primarily in support of the civil authorities—in particular, fishing. That continues with primarily a contribution from the RAN patrol boat force under those standing national support arrangements that have been there for many years. Operation Mazurka provides people to the multinational force of observers in the Sinai. That continues with 25 personnel. Operation Paladin contributes to the UN Truce Supervisory Organisation in the Middle East. It is primarily in Israel and Syria. There are 13 personnel allocated to that. They remain allocated to that force. You may or may not be aware that the significant change there is that there were families living in Israel. Those families have been withdrawn.

**Senator CHRIS EVANS**—I was going to ask you about the changed security environment for those people in Paladin.

**Rear Adm. Ritchie**—The security environment has certainly changed and, as a direct result of that, families have come back.

**Senator CHRIS EVANS**—So we had families of serving ADF personnel based in the Middle East?

**Rear Adm. Ritchie**—Serving ADF personnel working with the UN Truce Supervisory Organisation had their families there. Roughly speaking, about half of the 13 people had families in the area. They are no longer in the area.

**Senator CHRIS EVANS**—Have they been repatriated back to Australia?

**Rear Adm. Ritchie**—Yes.

**Senator CHRIS EVANS**—Are there any other changes to the arrangements in terms of Paladin?

**Rear Adm. Ritchie**—There are no other changes to the arrangements other than a heightened awareness amongst that particular force.

**Senator CHRIS EVANS**—Has any thought been given to withdrawing them from the area?

**Rear Adm. Ritchie**—No. Operation Osier has people as part of the stabilisation force in Bosnia-Herzegovina and Croatia. There are eight personnel in that force. There is no particular change. Operation Pomelo contributes to the UN peacekeeping efforts in Ethiopia and Eritrea. There are two personnel there with no particular change. Operation Husky is ADF support to the International Military Assistance Training Team in Sierra Leone. There are two personnel there.

**Senator CHRIS EVANS**—Are all of those ongoing?

**Rear Adm. Ritchie**—They are all ongoing.

**Senator CHRIS EVANS**—And with no particular plans for that to be altered in the short term?

**Rear Adm. Ritchie**—The two other operations that are of some significance are Operation Gateway, which is the P3 aerial surveillance out of Butterworth. That is ongoing. And Operation Solania, which is P3 aerial surveillance in the south-west Pacific, is ongoing but I must admit at a reduced rate of effort because of those concurrency problems that we spoke about earlier on. They are both aerial surveillance situations.

**Senator CHRIS EVANS**—Is that because they are being required in Relex II?

**Rear Adm. Ritchie**—Yes.

**Senator CHRIS EVANS**—What were they doing in the South Pacific?

**Rear Adm. Ritchie**—Generally, it is in support of the Forum Fisheries Agency, those nations in the south-west Pacific who have banded together for the purpose of protecting their fishing economic zones. It is coordinated with the Royal New Zealand Air Force. They are still doing that particular task.

**Senator CHRIS EVANS**—I am not arguing a position here but has any thought been given to maybe drawing back some of those commitments in view of that operational pressure that the defence forces are under? I know they are all fairly small, apart from Bougainville, but no doubt they add strains in terms of personnel et cetera.

**Rear Adm. Ritchie**—Most of those—Mazurka, Paladin, Osier, Pomelo, Husky—are very small. In total they are less than 50 personnel. They are generally all Army. And generally I think the experience that is being gained by those people is well worth the effort.

**Senator CHRIS EVANS**—So there is no sense of reviewing the broader—

**Rear Adm. Ritchie**—No. The only thing that would change would be changes in the situation in each of the particular countries. If the UN force changes, then clearly we would change.

**Senator CHRIS EVANS**—Thanks for that.

**Senator FAULKNER**—Admiral Ritchie, I have some questions that properly go to this output on operations, but there may be an interface with Navy, which is the next program. I wondered, to save time, if that is the case you might just let me know. I thought if I came at the end of this output we would probably be able to do it in a way that would cause the least problems to all concerned.

**Dr Hawke**—That is fine by us. The Deputy Chief of the Navy is here, so we can proceed.

**Senator CHRIS EVANS**—We have completed the rest of output 1.

**CHAIR**—We might proceed with your questions, Senator Faulkner.

**Senator CHRIS EVANS**—Obviously if any officers are waiting for output 1 questions, they can go.

**Senator WEST**—Unless Senator Faulkner wants them.

**Senator FAULKNER**—No, only in relation to the matters that I am going to raise now, which would mainly concern Operation Relex. Thank you, Mr Chairman, and I thank Dr Hawke and Admiral Ritchie for assisting me in that regard.

I want to briefly go to some issues that were raised in a letter that has been written by Rear Admiral Smith to the Chairman of the Senate Select Committee on A Certain Maritime Incident. I am sure you would be aware of the correspondence dated 17 May 2002. It is described as a 'clarification of evidence'. It goes to some issues that Admiral Smith raised during his giving of evidence to that committee on 4 and 5 April and relates to the vessel SIEVX. That is what my questions go to. Hence, Admiral Adams, I am not sure how much of this is output 1 and how much of this is Navy, but I am sure you will be able to assist me on that. The first thing I want to ask just as background. The nomenclature SIEVX: could the Navy assist me with how that was determined?

**Rear Adm. Ritchie**—I think that was generated by the Senate committee. It is not a SIEV, as far as we are concerned.

**Senator FAULKNER**—I was not sure whether that came from us or came from—

**Rear Adm. Ritchie**—I think it came from you.

**Senator FAULKNER**—It became unclear. Everyone has adopted the terminology and I know that we started using the terminology.

**Rear Adm. Ritchie**—It may have even come from the press.

**Senator FAULKNER**—I do not think that is the case. I thought there were two possibilities: the Navy or our committee. I have asked that question of someone who I thought might know and they were not sure, so I thought you might know. But it is terminology or nomenclature that is used now within Navy, isn't it?

**Rear Adm. Ritchie**—I would accept that it is the nomenclature that is used to describe this particular incident.

**Senator FAULKNER**—The first issue I want to go to is the use in Admiral Smith's letter of a very significant number of qualifying words. For example, if you go to paragraph 3 of the clarification of evidence, the first sentence is:

The intelligence reporting from Coastwatch was used as indicators of a possible SIEV arrival in an area within a probable time window.

Then in the second sentence of paragraph 5 it says:

An intelligence report suggested that the vessel was delayed and Coastwatch assessed that the vessel remained a potential departure ...

In paragraph 6 it says:

The Abu Qussey vessel in the Coastwatch's CMSP OPSUM on PM 18 October 2001 through intelligence sources was 'reported' to have departed Indonesia for Christmas Island on 17 October 2001.

The next sentence says:

Coastwatch assessed that the vessel could 'possibly' arrive at Christmas Island, late 18 October ...

Then it goes on:

Coastwatch CMSP OPSUM, PM 19 October 2001 reported ... the Abu Qussey vessel as a 'possible' as it was reported to have departed.

The next sentence says:

Neither of these reports were confirmed.

And so it goes on. I wondered if one of the witnesses could explain to the committee the differences in intelligence that related to the SIEVs that were intercepted and the so-called SIEVX.

**Rear Adm. Ritchie**—I would very much like to explain that. I think, to understand what Rear Admiral Smith is talking about, you have to be very clear on the concept that sits behind Operation Relex. As I explained in here earlier this morning, at the time we are talking about, back in October, there were two main channels of arrival that we were concerned about: the channel which came from Sumatra, the western end of Java, down through the Sunda Strait and into Christmas Island; and the channel which came, generally, through Kupang, Roti and very quickly across the intervening distance down into Ashmore Island.

After the arrival of the vessel that became involved in what is now known as the *Tampa* incident, those intelligence organisations that had information about smuggling organisations or possible boat movements fed their information primarily, I think, into DIMIA, and they were the people who were the basic source of intelligence. There was a lot of analysis then applied by various other agencies, as there always is with any intelligence. Essentially, what you were getting was intelligence that was going through various means as to the possible movement of boats. I would say to you that there were many more boats mentioned in the intelligence than we actually ever saw. That is the background and I cannot really say a lot more about the sources of that intelligence without saying things that I really should not be saying in an open forum.

The point is that none of that intelligence is definite; none of it, in general, is specific; and much of it is continually countermanded. For example, it may be reported that a boat possibly sailed from the south coast of Sumatra on this date with this many people; the next day it might be reported that it did not sail from the south coast of Sumatra, it probably sailed from somewhere east of Jakarta and it might be going in the other direction. That was the sort of

thing that was happening. So Operation Relex had to consider how best to deal with intelligence as imprecise as that. Do you look, if you could, in every nook and cranny: in every creek and every port in the archipelago? Of course you do not; you cannot do that because we have no right to take Operation Relex into Indonesian waters. In fact we were very cautious that we did not take Operation Relex across the recognised boundaries; we applied buffers.

How did we do it? If you think about the Indonesian archipelago and you think about the position of Christmas Island, then anybody who is going to approach Christmas Island has to come from within a certain arc, realistically. They could come from 360 degrees, but that is unlikely; they will make direct passage from the ports that they normally come out of. So we put ourselves between the archipelago and Christmas Island and we waited for these people to come through those particular areas. All of the boats that we detected, that is how we detect them: they came through the area that we sat in. So, if you like, there is an oblong box that sits somewhere between Christmas Island and Indonesia, keeping well outside Indonesian claimed or recognised waters, and we were in that box. The ships themselves, in a general sense, because a ship has a limited visual and radar horizon, would be back near the focal point—Christmas Island. The aircraft would be more wide ranging, but those aircraft would still keep outside the sorts of areas that might be claimed by Indonesia.

My understanding of the SIEVX incident is that, yes, as Admiral Smith has said in his letter to the Senate, there was a variety of this sort of intelligence that I have talked about that came, some as far back as September, where it was known that the particular organiser was trying to put together some boats. Nothing much more was heard of him until you get into October and there were various reports that he had one boat, that he had two boats, that had sailed from here, that had gone back, that had sailed from somewhere else. And most of the intelligence reporting actually came after we subsequently found out that the boat had sunk. But there was no reason, no cause, nor, indeed, no right for Admiral Smith, for Brigadier Silverstone or for myself to send ADF assets into the area where that boat subsequently foundered and disappeared. We waited for that boat to come through, if you like, the funnel that we had put together; and that was how we were going to detect them. That is how we successfully detected all the rest.

I would have to say to you that we in the ADF are offended by the sorts of things that have been written about SIEVX because, as Admiral Smith said many a time, if anybody had been in possession of specific information which said, 'This boat here is sinking,' then we would have certainly done all we could within our power to save those lives.

**Senator FAULKNER**—I do appreciate, because Admiral Smith has made those points very strongly, what has been written about SIEVX. But I hope that you would accept, Admiral, that when such things are written or when issues arise, it is certainly a proper role for a parliamentary committee like this to ask questions and investigate those issues. As far as I am concerned I am asking questions about related issues. I am well aware, of course, of the differing views that Navy has in relation to some of what has been said in the public record. In my own case I have made some fairly strong statements about that also that I suspect Navy would not be uncomfortable with.

**Senator Hill**—A newspaper this morning said that you were saying this particular incident is now your highest priority.

**Senator FAULKNER**—I read what was said in a newspaper this morning. Newspapers can report what they like. I would have thought that I had a range of other priorities in my



parliamentary duties. My role in relation to the Senate Select Committee on a Certain Maritime Incident is a mere one of them, Senator.

**Senator Hill**—This says:

Labor's Senate leader, John Faulkner, told the *Herald* that SIEV-X was now his top inquiry priority.

**Senator FAULKNER**—Is that in inverted commas?

**Senator Hill**—Then it goes on, 'What is going on in the navy?' et cetera.

**Senator FAULKNER**—I did not say that. You do not want to concern yourself too much with my priorities, Senator Hill. I am the one who will set them and they will not be set by the *Sydney Morning Herald* or by you or by anybody else.

**Senator Hill**—Well, apparently you told the *Sydney Morning Herald* it was your highest priority.

**Senator FAULKNER**—Really? Well, take it up with the journalist.

**Senator CHRIS EVANS**—Senator Hill, you have lectured us on a number of occasions not to believe everything we read in the papers.

**Senator Hill**—I am confused because you have now come in here today and said it is not.

**Senator FAULKNER**—I beg your pardon.

**Senator Hill**—I am now confused. The article said that you said it was; today you have said it is not.

**Senator FAULKNER**—What I said to you is I will determine my own priorities, not the *Sydney Morning Herald*.

**Senator Hill**—I know you will, but it seems you told the *Herald* that it was your highest priority.

**Senator FAULKNER**—That is an assumption that you make.

**Senator Hill**—That is what the *Sydney Morning Herald* says.

**Senator FAULKNER**—If it is reported in the *Sydney Morning Herald* it must be right. Is that what you are saying?

**Senator Hill**—It is a good prima facie case.

**Senator WEST**—We will remember that next time.

**Senator FAULKNER**—Having established that, I will refer you to a number of editorials in the *Sydney Morning Herald* about your own performance in a range of areas. Perhaps you would care to comment on those. Let us just move on. I was making the point, however, to Admiral Ritchie, and I think it is a reasonable one, that I understand and have accepted a great deal of what Admiral Smith said and, on the public record in relation to his concerns about some statements that have been made, I do make the point and, given that you do not seem to understand it, I will reiterate it to you that it is a proper role for a parliamentary committee like this to examine these issues. Admiral Ritchie, I do thank you for that explanation because I thought it was helpful. Firstly, is intelligence that is gathered confirmed? If it is, how is it confirmed by Navy?

**Rear Adm. Ritchie**—In the broad, it is only ever confirmed by the subsequent appearance of the vessel itself. There is no other way of confirming it.

**Senator FAULKNER**—Therefore, understanding that, it is reasonable for me to jump to a conclusion that you do not need confirmation of intelligence before surveillance is ordered in relation to a ‘possible’ SIEV departure?

**Rear Adm. Ritchie**—No. The existence of intelligence will confirm your correctness, if you like, in continuing to conduct that particular surveillance. The point that I was making in my explanation is that surveillance was continuous and ongoing and was not dependent in particular upon any particular piece of intelligence information.

**Senator FAULKNER**—Yes, but I think the distinction you are drawing is an important one and perhaps is not well understood. At the end of the day, you say that you can really only confirm intelligence reports when a SIEV is sighted. Is that right?

**Rear Adm. Ritchie**—When a SIEV is sighted, and you can then relate that back to any given piece of intelligence.

**Senator FAULKNER**—Therefore, surveillance activities are not dependent on confirmed intelligence reporting?

**Rear Adm. Ritchie**—That is true.

**Senator FAULKNER**—Is it reasonable for me then to go to the next step and say that unconfirmed intelligence reports, for example the sort that we have that are recorded in Admiral Smith’s letter and in evidence that we have received from Coastwatch, do actually trigger surveillance activity?

**Rear Adm. Ritchie**—In the case of Relex, it does not specifically trigger surveillance activity because surveillance activity is there. The surveillance activity is ongoing against this background that says there are this many thousand people in the archipelago who are all looking for passage to Australia. What it might do to the particular ship or the aeroplane that is out there is to say be particularly careful today because today is an expected time of arrival.

**Senator FAULKNER**—Yes. What you are saying is that you have an ongoing surveillance regime under Operation Relex?

**Rear Adm. Ritchie**—Yes, that is correct.

**Senator FAULKNER**—Is it also fair to say that an unconfirmed intelligence report might mean that surveillance activity may get a focus it otherwise would not have? This is layman’s language, but I wanted to understand this, if I could.

**Rear Adm. Ritchie**—My broad answer to that is no. The main intelligence on which we are working is the two routes. We know that all of the people are going to come Sunda Strait to Christmas or Roti to Ashmore. That is the main thing that decides how we are going to do the surveillance. We may in fact alter the pattern within areas that we then set up which are reasonably static. We may alter the pattern of attendance in those areas if we think we have particularly good intelligence about a vessel, but the basic, ongoing surveillance of given, predetermined areas is not based at all on evidence or intelligence of one or more departures.

**Senator FAULKNER**—Could you explain that a little more? Understanding that there is a regime of surveillance under Operation Relex, what might an unconfirmed intelligence report about a possible SIEV departure mean for surveillance under Operation Relex?

**Rear Adm. Ritchie**—Let me give you another broad example. In October, we may well have been sitting there and the intelligence would say to us that within seven days we might expect three boats to arrive at Christmas Island and seven boats to arrive at Ashmore. That

would confirm for us that our surveillance had to be ongoing and continuous. If for any reason somebody said, 'We cannot find a P3 tomorrow,' we would be looking for alternative means to make sure that we did fly and cover that area because we would be looking at three maybe within 48 hours, that sort of thing. At the moment, surveillance is ongoing and continuous and there is very little intelligence.

**Senator FAULKNER**—But you, I think earlier in your evidence, suggested that intelligence of its nature is neither definite nor confirmed until you have a very tangible measure, which is actually a SIEV vessel under way. Is that right?

**Rear Adm. Ritchie**—Even if I had evidence that somebody had seen a vessel depart a particular place, it still does not mean that it is going to—

**Senator FAULKNER**—That is one of the things I have been grappling with and possibly not understanding. It does appear that some of the intelligence reporting here goes to size of the vessel, overcrowding and the like, which seems not to have the same level of qualification about it as some of the other intelligence reporting on the same vessel. Could there be a reason for that?

**Rear Adm. Ritchie**—No. I would place such qualification on all intelligence. Size of the vessel and overloading, all those sorts of things, might cause us to say that it will take longer than normal and might arrive at a later date because they will be more cautious and slower, those sorts of things. I cannot distinguish why any qualification is placed on some things and not on others. There have been many reports that were quite definite on size of boats, names of captains and numbers, and nothing ever eventuated.

**Senator FAULKNER**—Did I understand from you in relation to where this intelligence is sent that the principal address for receipt of this intelligence is DIMIA?

**Rear Adm. Ritchie**—The principal provider of that intelligence is DIMIA.

**Senator FAULKNER**—I think you made the point that there are other providers but you did not think that it was appropriate to detail those at a hearing like this. Is that right?

**Rear Adm. Ritchie**—I do not think it is appropriate for me to go into how any of this intelligence is gained. I am just saying that that is the organisation that first puts the intelligence together.

**Senator FAULKNER**—Let me turn again to Admiral Smith's letter. In paragraph 5 it says:

Coastwatch initially reported the Abu Qussey vessel on 14 October 2001 based upon intelligence analysis in the daily Civil Maritime Surveillance Program (CMSP) Operations Summary (OPSUM). An intelligence report suggested that the vessel was delayed ...

Are you able to provide for the committee's benefit any further and better details about that intelligence report?

**Rear Adm. Ritchie**—When he refers to the vessel being delayed, I think there is a further intelligence report on the 19th which says that the vessel has not yet been sighted. I think that there is a further one on the 20th which says that the vessel perhaps did not sail from where the original report said it sailed from—that it sailed from somewhere else and moved its port of destination from Sumatra to Java. I think that, as late as the 22nd, there is an analysis of a report which says the vessel has probably gone back to the Java coast, because of the weather that was being experienced in the area. What I am saying is that you start off with an original report that has been gained from some source or other, and then you have a number of

agencies who are taking that report, observing what happens thereafter and providing some degree of analysis as to what might have happened in the meantime.

**Senator FAULKNER**—Admiral Bonser was able to provide some more detail in this. You may not have seen his evidence before the Senate select committee. He was able to say that they knew that we—in this case ‘we’ is Coastwatch, I think, or Australian agencies, or however you prefer to determine it—knew that it (that is, SIEVX) was small and overcrowded. I asked him what ‘overcrowded’ meant, whether it was around 400 passengers, and Admiral Bonser said that they had an indication of numbers. He was also able to talk about the willingness or unwillingness of people to be embarked.

**Rear Adm. Ritchie**—But he did not say, importantly, that he knew where SIEVX was.

**Senator FAULKNER**—No, he did not say that, and I understand that. That issue was canvassed with him, but in some people’s minds I suppose the fact that you might have intelligence about the size of the vessel, whether it was overcrowded, whether there is an indication that people got on or off the vessel and the like might beg the question that, if you have that level of intelligence advice, it might not seem absolutely outlandish that you might know where all that was occurring. Correct me if I am wrong, but it is not a leap of faith, having some level of information as we have just been canvassing—numbers, size, overcrowding, embarking or—

**Rear Adm. Ritchie**—But it is a leap of faith to then move from there—and I would agree that you have not yet moved there—which others have already taken, to say that if you knew that then you should have been actively looking for it in some place other than the places we were looking.

**Senator FAULKNER**—Yes, but you have to be fair here, Admiral. That is not a jump or a leap that I intend to take.

**Rear Adm. Ritchie**—No. I have said that you have not taken it, but others have.

**Senator FAULKNER**—I would ask a serious question here: if intelligence reports, albeit unconfirmed intelligence reports, because of the proper qualification that you place on intelligence reports of this nature, might be able to detail that level of activity, the question in my mind—and I do not put it at any higher level than that—is why wouldn’t the issue of location be stronger? That is the question I have.

**Rear Adm. Ritchie**—Because there is no such thing as location attached to that particular report. In fact, that particular report was made available the day after that particular vessel was subsequently known to have sunk. It includes a change in the port of embarkation for these people, from one part of the archipelago to a significantly quite distant other part of the archipelago. It did say that it was probably a small vessel and that it probably had 400 people on it. That is all good information, but it is not going to help you find it.

**Senator FAULKNER**—There is a range of intelligence reporting here, isn’t there? It is not just one advice; there is a number of advices. It is fair to say that, isn’t it? We know that.

**Rear Adm. Ritchie**—Yes, it is a number of advices, but it is all coming through the one coordinating source.

**Senator FAULKNER**—And you identify that coordinating source as DIMIA in this instance.

**Rear Adm. Ritchie**—Yes.

**Senator FAULKNER**—When you say DIMIA, Rear Admiral, are you able to define that a little? Can you tell me what part or what agency within DIMIA handles that?

**Rear Adm. Ritchie**—No, I cannot. It is an agency within DIMIA that was producing then on a daily basis an intelligence report on the movement of illegal immigrants in Indonesia. I could find that out for you and give it to you on notice but, off the top of my head, I do not know what it is.

**Senator FAULKNER**—I have talked to DIMIA officers about this and I think it is probably what they call their joint intelligence strike team. Would you mind taking it on notice to provide the name of that element of DIMIA? There are a couple of different groups that have a role. I suspect it is the strike team, but would you let us know at some point? Concentrating on this report on 14 October, because one thing no-one can argue about any report on 14 October is that this is before the SIEVX sailed. That is fair to say, isn't it?

**Rear Adm. Ritchie**—I think it was probably a couple of days before it sailed.

**Senator FAULKNER**—With regard to the report on 14 October, when did you say that was received by Defence in the first instance?

**Rear Adm. Ritchie**—I did not say when it was received by Defence; I do not know when it was received by Defence. In the normal way of these things, those intelligence agencies in Defence that were looking at this would certainly have received it within 24 hours of its being originated, I guess.

**Senator FAULKNER**—Has there been any examination at all about the intelligence reports and their interface with surveillance with SIEVX within Navy or Defence that you are aware of?

**Rear Adm. Ritchie**—There has been a review of all the intelligence that was received in a chronological order. All it shows is that there was considerable confusion as to where this boat departed from, when it departed, how many people were in it and whatever.

**Senator FAULKNER**—When was that review kicked off?

**Rear Adm. Ritchie**—There is nothing that I could tell you about a review that formally kicked off—it is just something that has been done.

**Senator FAULKNER**—I accept it has been done. I just wondered when.

**Rear Adm. Ritchie**—I do not know the answer to your question as to when it was done.

**Senator FAULKNER**—Do you know who undertook it?

**Rear Adm. Ritchie**—I know it was done in the Maritime Command.

**Senator FAULKNER**—Could Navy assist me in relation to that review—any detail about the basis on which that was commenced?

**Rear Adm. Adams**—Certainly, Senator.

**Senator FAULKNER**—Do you know at the moment?

**Rear Adm. Adams**—No, I do not. I would have to take that on notice and provide the information separately.

**Senator FAULKNER**—I would be interested in knowing, if you could, Admiral. Perhaps you could just indicate when that review commenced, if there was any guidance or terms of

reference for it and the basis on which the decision was made to conduct the review—in other words, who instructed it, who ordered it and who conducted it.

**Rear Adm. Adams**—Certainly, Senator.

**Senator FAULKNER**—Coming back to this question of 14 October: it does appear that numbers of people—there might have been 400 people aboard this boat—

**Rear Adm. Ritchie**—I do not think that was known on 14 October. You are taking the 14 October date from Rear Admiral Smith's letter. Is that correct?

**Senator FAULKNER**—I do not know a huge amount about this—

**Rear Adm. Ritchie**—Are you guessing or is it 14 October?

**Senator FAULKNER**—There is no guessing. What I do have available to me at the moment is the detail of Admiral Smith's letter and Admiral Bonser's evidence. Beyond that you will be pleased to know that, whilst any other conspiracy theories or outlandish conclusions may be available to me, I am certainly not depending on them or using them.

**Rear Adm. Ritchie**—I say that because it might be timely to correct the notion of the 14th. In accordance with information I have, there was a departure, or report, of a boat belonging to this particular smuggler on the 10th. On the 11th there was a report that said, 'No, the departure has been delayed.'

**Senator FAULKNER**—But these were not reported to you by Coastwatch, were they?

**Rear Adm. Ritchie**—I am talking about the same material. There may well be a difference in interpretation, which we can come to in a tick. With regard to the 14th, which you referred to, I think the intelligence is saying to us that that boat did not depart, but it reports nine other potential sailings.

**Senator FAULKNER**—So you have reports on the 10th and the 11th. Is that what you are saying?

**Rear Adm. Ritchie**—I am saying that, in the period of the 10th, 11th, 12th, 14th and 15th, there were various reports, starting on the 10th, that a boat belonging to this particular person had sailed. Then there was a report saying, 'No, it's been delayed,' and then another report saying, 'No, it hasn't sailed at all but here are nine other boats that might have sailed.'

**Senator FAULKNER**—Maybe I am missing something here. Let us go back to Admiral Smith's letter, paragraph 5, which says:

Coastwatch initially reported the Abu Qussey vessel on 14 October 2001 ...

**Rear Adm. Ritchie**—Did it report that it had sailed or that it had been initially reported?

**Senator FAULKNER**—I am quoting the letter. Paragraph 5, first sentence—

**Rear Adm. Ritchie**—I do not have that letter.

**Senator FAULKNER**—I am sorry; I did not appreciate that you did not have the letter in front of you.

**Rear Adm. Ritchie**—I have just read it and it is not inconsistent with what I have just said. The letter says:

An intelligence report suggested that the vessel was delayed and Coastwatch assessed that the vessel remained a potential departure from Pelabuhan Ratu (06<sup>0</sup>59 South 106<sup>0</sup>33 East) for Christmas Island from Indonesia.

He did not say that it had sailed. He said that on the 14th Coastwatch said that Abu Qussey had a vessel, that it had been perhaps delayed and remained a potential departure from that particular place. Then in paragraph 6 he gave the first assessment of departure.

**Senator FAULKNER**—Yes, I know. What I am asking about is in relation to the beginning of paragraph 5. It says:

Coastwatch initially reported the Abu Qussey vessel on 14 October 2001 ...

You have talked about reporting on the 10th, 11th, 12th and then the 14th just to kick off.

**Rear Adm. Ritchie**—I am saying that you can go back as far as 5 September and start talking about Abu Qussey preparing two boats to go to Christmas Island. Admiral Smith has chosen there to start a little later in the chronology. Perhaps he is really talking about what he thinks is relevant to the sailing of the vessel. I do not know why he did not say anything earlier than that.

**Senator FAULKNER**—I do not either, and that is what I am trying to understand. It seems to me that there is an inconsistency with the letter and what you are saying, because it says ‘Coastwatch initially reported the Abu Qussey vessel’. Could the reason for the possible difference in the evidence be that the reports of the 10th, 11th and 12th did not come via Coastwatch?

**Rear Adm. Ritchie**—They could have come straight out of DIMIA.

**Senator FAULKNER**—Yes, but can you tell me whether they have come via Coastwatch?

**Rear Adm. Ritchie**—No.

**Senator FAULKNER**—We are going to break in exactly one minute and 10 seconds, so it might be possible for someone to check that over the lunch break.

**Rear Adm. Ritchie**—I am dancing around some of the intelligence, I admit, because of what it says. I cannot tell you that in this forum.

**Senator FAULKNER**—I have not asked you to and I never have. I have never asked any witness to talk about those sorts of things.

**Rear Adm. Ritchie**—I understand that. That is why I am approaching it in the way I am.

**Senator Hill**—Aren't the questions appropriately put respectively to DIMIA and Coastwatch through Justice? I do not know that it is Admiral Ritchie's job to answer questions about matters that are not in his immediate knowledge.

**Senator FAULKNER**—These questions arise from a letter from the Maritime Commander. They are important. Frankly, I think it is important from both Navy's and Defence's perspective, too, because there are questions that have been asked in relation to this. I stress to you that I am not drawing conclusions; I am asking questions. I had not intended to ask a question about the initial reporting, but when the Maritime Commander Australia says ‘Coastwatch initially reported the Abu Qussey vessel on 14 October 2001’ and Rear Admiral Ritchie tells me today that there was reporting on the 10th, 11th and 12th I am only trying to nail it down. It is not an apparent inconsistency; it is an inconsistency. We are now 21 seconds over the time for our lunch break—there will be a riot! Could someone please check it out over the lunch break and we will come back to it.

**CHAIR**—Thank you, Senator Faulkner. The committee will adjourn for lunch.

**Proceedings suspended from 12.30 p.m. to 1.33 p.m.**

**CHAIR**—Dr Hawke, have you got an answer that you wish to give?

**Dr Hawke**—Senator Hogg will recall asking a question last night about expenditure for the 2002-03 financial year on the Jindalee Operational Radar Network. The current planned expenditure for JORN for the next financial year is \$62.6 million. That plan was developed following a review of expenditure proposals which was conducted over the last month or so. The reason JORN is not in the top 20 table on page 77 of the portfolio budget statements is that at the time that document was put together the 2002-03 expenditure plan for JORN was \$38.6 million. The additional expenditure now planned for 2002-03 is due primarily to slippage of payments to the prime contractor, which were previously planned to be paid in the 2001-02 financial year. That is a sum of \$20 million, and the remaining \$4 million is due to increases and decreases—it is a net figure—across other expenditure elements of the project. I think that provides the information that Senator Hogg was requesting on that item.

**CHAIR**—Thank you.

**Senator FAULKNER**—Were we able to establish at all this issue about the initial report, Rear Admiral Ritchie?

**Rear Adm. Ritchie**—What I have established in the break is that the review of the intelligence material that I referred to—you asked who was doing that—is being coordinated by the group under Rear Admiral Gates, who has been tasked to support Defence and the Senate select committee. So that is where that information comes from. It would appear that in so doing that—and that is the information that I am privy to—they have discovered sources other than Coastwatch that predate 14 October. What you have from Rear Admiral Smith is what Rear Admiral Smith believed had been reported to his headquarters when he wrote that letter, and it starts at 14 October. The other information is from other sources. It predates the 14th. It does not materially change anything. From the 14th, where Rear Admiral Smith picks up the story, the story is indeed the same, according to those intelligence sources.

**Senator FAULKNER**—Accepting that—and I do—is Defence able to provide precise information to update the information we already have?

**Rear Adm. Ritchie**—Could I talk to the minister and come back to you on that particular question?

**Senator FAULKNER**—Sure. I appreciate the information you have given in relation to Rear Admiral Gates conducting that review. Do you know who tasked Rear Admiral Gates for this?

**Rear Adm. Ritchie**—No, I don't.

**Senator FAULKNER**—Would you be able to find that out too, please?

**Rear Adm. Ritchie**—We can find that out.

**Senator FAULKNER**—Would you mind finding out, if it is possible, when he was tasked and what the parameters of the review are and why it was determined to have the review?

**Rear Adm. Ritchie**—We can find that out.

**Senator FAULKNER**—Thank you for that, I appreciate it. I go to the general issue that is canvassed in Rear Admiral Smith's letter, if you like, of the communication between Coastwatch on the one hand and Defence on the other. Is it fair to say that not all the reports came from Coastwatch that Defence responded to in relation to the SIEVs?



**Rear Adm. Ritchie**—It is not fair to say ‘that Defence responded to’, because I think I tried to go to some pains earlier on to say that we did not particularly respond on individual instances; we responded on a collection and a pattern of information. Coastwatch was providing reports, and it is referred to in Rear Admiral Smith’s letter in what he calls their CMSP OPSUM—it is an operational summary. So they have taken and distilled other elements of information that they have got. At the same time, Defence also, in some cases, had access in the intelligence organisations to product that was coming out of DIMIA and those sorts of things and would have made its own assessments of what was happening in the archipelago.

**Senator FAULKNER**—Have you been able to establish what links there were between Defence and the joint People Smuggling Strike Team?

**Rear Adm. Ritchie**—In the break, no. Regarding those links, I would expect them to be through Coastwatch or through the Strategic Command here in Canberra.

**Senator FAULKNER**—Is the only effective line of communication between Coastwatch and Defence the operational summaries—the ‘OPSUMs’ as they are described?

**Rear Adm. Ritchie**—The operational summary is where Coastwatch formally reports to other agencies what it is doing, what its intentions are and what it thinks the picture is. There would be quite a deal of interaction between Coastwatch and the various Defence agencies on a personal level.

**Senator FAULKNER**—What is the interface between Defence and the DIMIA operation that is so important? One of the things I have been struggling with for a long time is to try to establish which is the lead agency. Which is it—the AFP, DIMIA, Defence? Everyone seems to pass the buck. The buck is not passed between Defence and the other two agencies; it is passed between those two agencies, AFP and DIMIA, to be fair. You have almost said to us this morning that from Defence’s perspective DIMIA appears to be the lead agency here.

**Rear Adm. Ritchie**—From Defence’s perspective, in the conduct of Operation Relex, Defence is the lead agency. There is no doubt about that. Defence was responsible for mounting that surveillance operation and for interdicting vessels as they were seen. The policy that sits behind that is a whole-of-government thing with probably DIMIA being the lead agency. In terms of intelligence that is gathered in other places, that was coming out of other agencies.

**Senator FAULKNER**—Yes, I know. But it is the intelligence that is gathered in other places, particularly what occurs onshore in Indonesia, that is of particular interest to me.

**Rear Adm. Ritchie**—That is not a Defence thing.

**Senator FAULKNER**—That is right. There may be other agencies that have not been identified, but certainly at a committee like this last week AFP and DIMIA were identified and particularly the joint People Smuggling Strike Team located in DIMIA. I am interested—and this may not be your bailiwick, Admiral, and I accept that—in any interface with the joint People Smuggling Strike Team that Defence had. The first issue is: has there been any interface with them? Secondly, if there has, how has that been handled from a Defence perspective?

**Rear Adm. Ritchie**—I do not know the answer to that.

**Senator FAULKNER**—Can I toss that one to you, Dr Hawke?

**Dr Hawke**—I do not know the answer either.

**Rear Adm. Ritchie**—The answer would be that, if there were, the Head of Strategic Command would know that answer, but he is not here.

**Dr Hawke**—In output 5 we will have Head of Strategic Command and we will ask him to address that issue when he arrives.

**Senator FAULKNER**—Thank you. I do accept, by the way, that there is a threshold issue here—which I tried to make clear in my question— and that is: has there been any interface? I am not suggesting there has; I do not have any knowledge of it. Questions may flow from that, if there has been, as to how it was handled from a Defence perspective. But it is quite clear, absolutely clear, that Defence in relation to this particular exercise is not a major player. That is very unusual, I am sure you would accept, Dr Hawke.

**Dr Hawke**—We understand where you are coming from, Senator.

**Senator FAULKNER**—It was the practice, was it not, that Coastwatch would provide at least its operations summaries to both the Australian Theatre Joint Intelligence Centre and NORCOM. That is correct, is it not?

**Rear Adm. Ritchie**—That is correct.

**Senator FAULKNER**—Could you explain to the committee, please, why that was the case?

**Rear Adm. Ritchie**—Coastwatch is very much a part of Operation Relex. The position we are in with Relex reverses the normal interaction we have with Coastwatch. In Operation Cranberry, the ongoing surveillance operation in the north, Coastwatch is the lead agency and Defence, through NORCOM, works for Coastwatch, if you like. In this particular operation it was decreed that Defence would lead and therefore Coastwatch acts in support. Coastwatch have people in Headquarters Northern Command. Coastwatch would join with us in a VTC every morning that was run from my headquarters. Maritime Command, Air Command and Coastwatch would be present and we would talk about Operation Relex at nine o'clock five or six days of the week, depending on what was going on. We were sharing our views on the background to this particular issue. It is as simple as that. Coastwatch has better access into some of the other agencies that you would need than we have.

**Senator FAULKNER**—Sure. The point of my question is why the two reporting streams—one to Australian Theatre Joint Intelligence Centre and one to NORCOM. I am just trying to understand why it goes both ways.

**Rear Adm. Ritchie**—Now that you make that point, it might go through ASTJIC to NORCOM, I am not exactly sure, but if it does it is because they are both closely involved. For example, if I were to send a theatre headquarters summary of what I had done for the day, I would not send it to just one address; I would send it to all of those addresses that have some involvement in the business I am engaged in. I think Coastwatch was merely doing the same thing.

**Senator FAULKNER**—Let us move from the general to the specific. Rear Admiral Bonser in his evidence to the Senate select committee talked in his opening statement about the telephone advice received from the AFP that the Abu Qusey vessel that we have been speaking of, SIEVX, was reported to have departed from the west coast of Java the previous day. He went on:

The information included advice that the vessel was reportedly small and overcrowded. The full detail of the advice is classified. This information was passed by telephone from Coastwatch to the

Australian Theatre Joint Intelligence Centre and to Headquarters Northern Command. The Australian Theatre Joint Intelligence Centre and Headquarters Northern Command included this information in classified intelligence reports, both of which were issued to Defence operational authorities on 20 October 2001.

My question goes to whether that procedure, effectively for Defence in the broad, was standard operating procedure. Was that the ordinary information flow or was it exceptional? That is what I am trying to understand.

**Rear Adm. Ritchie**—I would not say that that was exceptional.

**Senator FAULKNER**—Would you say it was standard operating procedure?

**Rear Adm. Ritchie**—I would say that that is more than often the norm.

**Senator FAULKNER**—The last paragraph of Admiral Bonser's opening statement includes this sentence:

On Tuesday, 23 October 2001, advice was received from the Australian Theatre Joint Intelligence Centre that a SIEV had sunk.

I think it is appropriate to ask you this question. I wanted to get the background to that advice that went from the Australian Theatre Joint Intelligence Centre to Coastwatch on 23 October. What information leads were there?

**Rear Adm. Ritchie**—I will check this. I would stand corrected. I think that that information comes from a cable that came out of the embassy in Jakarta that reported that this incident had become known through the press or whatever in Indonesia. You can see there that the ASTJIC passed that information on to people who would not normally be privy to that sort of cable traffic.

**Senator FAULKNER**—What was that last sentence?

**Rear Adm. Ritchie**—To people who would not be privy to that cable traffic. Cables that come into the Australian Theatre Joint Intelligence Centre do not necessarily go to Coastwatch or other places. So all they were saying, on a matter that they had both been aware of, was that this Abu Qusey vessel was around but that nobody knew where it was. All of a sudden, in comes a cable from Jakarta saying it has been reported that a vessel has sunk and those people have drowned. He was closing a loop on that information.

**Senator FAULKNER**—I accept it was the source of the advice—no doubt you will tell us if it is not the case—but could you indicate when that cable was received from the embassy, when the advice was passed on from the Australian theatre to Coastwatch that the SIEV had sunk and the mechanism by which that was done. I do not expect you to have that information at your fingertips, but if you would not mind taking that on notice I would appreciate it. Rear Admiral Bonser makes the point, just to complete the story, that CNN reported later in the day the sinking of the SIEV and the rescuing of the survivors. Does the Australian Theatre Joint Intelligence Centre have a special role in Operation Relex? Is there any special tasking there that you might explain to the committee?

**Rear Adm. Ritchie**—The Australian Theatre Joint Intelligence Centre exists to provide operational level information for those operations that the ADF conducts. When we came to Operation Relex, we started talking about people-smuggling and all those particular issues. The Australian Theatre Joint Intelligence Centre had no expertise in that sort of issue—because it was not something that we had followed in the ADF—but it took on the role of coordinating information from all of those other government sources who do this as a matter

of normal business and providing it to us who were running Operation Relex, to the Maritime Commander and indeed to NORCOM.

We found in fact that NORCOM had a better handle on those sorts of issues because, being geographically proximately placed, it had taken an interest in that in the past. Indeed, we then passed to NORCOM the analysis responsibility from a Defence point of view, at the operational level, and we took it away from the Australian Theatre Joint Intelligence Centre. Whether we did that before or after—I suspect it was after—we did change that. Rather than having two people trying to focus on it and one not doing it particularly well, we gave it all to NORCOM. It is now NORCOM, every morning at nine o'clock, who stand up and tell us their view of the intelligence picture with respect to Operation Relex. We do not try and generate that out of the ASTJIC.

**Senator FAULKNER**—Did you have people from other agencies working in the joint intelligence centre itself?

**Rear Adm. Ritchie**—No, not to my knowledge.

**Senator FAULKNER**—I still do not quite understand how this all fits in with the joint People Smuggling Strike Team. Obviously, there are a lot of agencies and groups undertaking similar roles.

**Rear Adm. Ritchie**—From our point of view, I am not sure that it needs to fit in, as long as whatever the intelligence product that they see we see. As long as we are not looking at two different intelligence pictures, in the context of the rest of Relex and what we have to do, we would only then come in contact with that organisation inasmuch as it had anything to do with setting policy as to what we do with illegal immigrants once they are detained—that sort of thing.

**Senator FAULKNER**—Someone there, or perhaps yourself in your role as Commander Australian Theatre, made what seems like a sensible decision that there might be another—

**Rear Adm. Ritchie**—We made a decision in our case that there was a better way of doing it.

**Senator FAULKNER**—Yes, someone else who could do that in a more effective way. Just going back to the specific issue in relation to the SIEVX, Admiral Smith, in his letter, in paragraph 15 of his summary, says:

Intelligence reports via Coastwatch's CMSP OPSUM advised Navy of the Abu Qussey vessel's 'possible' departure from Indonesia on 18 October 2001.

I wondered in relation to that report specifically, or in relation to any others, whether we can be clear on this. I think you have said this before, but I think it is important to nail this down. Did any of either that particular intelligence report, or operational summary of intelligence reporting, or any other material that came from Coastwatch or other agencies cause Defence to change in any way the surveillance regime that had been established?

**Rear Adm. Ritchie**—No.

**Senator FAULKNER**—Can you say, if I asked you in relation to SIEV6 or SIEV7, whether that situation—

**Rear Adm. Ritchie**—The surveillance regime has not changed other than when we think something is different, other than the approaches down the two axes that I have already talked about might be going to happen, we would change the surveillance regime. So we have had

cause to change it, but not for vessels on the archipelago Christmas or archipelago Ashmore route.

**Senator FAULKNER**—But you can say when your surveillance operation picked up SIEV6, for example. I have heard evidence about that before.

**Rear Adm. Ritchie**—SIEV6 was intercepted 67 nautical miles north of Christmas Island on the exact day we are talking about.

**Senator FAULKNER**—Yes, that is right. I am just wondering how stretched resources might be on this very day. Is it an issue because it is not as if—

**Rear Adm. Ritchie**—And that goes back to the concept. The concept says people are going to come down this axis and they are going to come down that axis and I only have this many resources with which to detect them; therefore, I am not going to go looking for them at their point of origin or in any other place other than to put something—put an overlay—over the places through which I know they must come if they are to get to their destination and achieve success. So you concentrate the force, if you like, in the focal area. That is what surveillance really is all about when you have got limited resources.

**Senator FAULKNER**—I am not suggesting that a people smuggler might decide to send off an armada of boats on the one day, but because of the date—there is clearly, at a minimum, utilisation of resources, which I am not saying are stretched but which we know are certainly being utilised, and we know what is occurring, for example, in relation to SIEVX—I am asking the question that I suspect people may well ask at a later stage: could that have had any impact, in your view, in relation to the surveillance task that may have affected the opportunity of identifying SIEVX?

**Rear Adm. Ritchie**—SIEVX, to my knowledge, never ever came within our search area, and we did not change our search area specifically to look for SIEVX.

**Senator FAULKNER**—I understand that, but did you change the search area to look for any of the other SIEVs?

**Rear Adm. Ritchie**—No. We very cunningly put the search areas in the right places in the first instance so that we knew people who were going to get to those destinations would come through them. That is the thrust of my concern with all of this. There was never, ever any reason, even if we had known there had been 10 SIEVXs, for us to change the pattern of searching. For those 10 SIEVXs to get to Christmas Island, they had to come through the area that we were surveilling. The one SIEVX that we know about never did.

**Senator FAULKNER**—I understand that point you make, and I suppose some might then pose the question: does intelligence reporting in some way impact on or affect decisions made about aerial surveillance?

**Rear Adm. Ritchie**—It does to the extent that, if the intelligence reporting indicates that the pattern is changing, we clearly would be silly if we did not change the pattern of our surveillance. But the sorts of intelligence reporting that we are talking about here—that this vessel may have sailed from here on such and such a date and within three or four days could be in Christmas Island—gives you no cause to change anything. If they had said, ‘It could be on the Kimberley coast, because that is where it is going to go to, rather than Christmas Island,’ yes, we would.

**Senator FAULKNER**—Anyway, we can be definitive that the intelligence reports on 18 October do not trigger any special action from Navy?

**Rear Adm. Ritchie**—No, 18 October triggers no special action that I am aware of.

**Senator FAULKNER**—And the reason for that is?

**Rear Adm. Ritchie**—We have established search patterns through which these people must come.

**Senator FAULKNER**—Because that is your standard operating procedure?

**Rear Adm. Ritchie**—I am not saying to you that Brigadier Silverstone might not have said to the captain of *Arunta*, ‘Make sure you are awake in the next 24 hours because someone is going to come through your area.’ But we have not changed the areas or the pattern of our surveillance because of it.

**Senator FAULKNER**—Dr Hawke, are you in a position to be able to talk about the Defence flow of information into and out of the People Smuggling Task Force? That of course is a different—

**Dr Hawke**—I am actually not, Senator. This would have been handled by the head of Strategic Command. It is an ADF operation, so it is handled in the chain of command from CDF, and my recollection is that the head of Strategic Command was doing this—

**Senator FAULKNER**—I thought you would say that, but I was not sure whether you would point me in Strategic Command’s direction. They determined representation on the task force, didn’t they?

**Dr Hawke**—CDF would have determined that.

**Senator FAULKNER**—Fair enough. Strategic Command was the point of contact between the task force and Defence—that is a better way of putting it.

**Dr Hawke**—That is my understanding.

**Senator FAULKNER**—I can deal with that when Strategic Command are before us.

**Dr Hawke**—CDF will be here at the same time.

**Senator FAULKNER**—I did want to follow up, if I could, on another thing. I had asked Rear Admiral Bonser about surveillance photographs—I refer you to page 1639. There has been a little bit of public discussion about this issue. I had asked him whether there were any RAAF surveillance photographs in relation to SIEVX—in other words, of SIEVX or in any way related to that incident. Rear Admiral Bonser responded that he did not have any such knowledge and that it was a question better put to Defence. Just to be clear on that issue, I wondered if—

**Rear Adm. Ritchie**—There are no RAAF surveillance photographs of SIEVX.

**Senator FAULKNER**—Are there any surveillance photos at all of SIEVX?

**Rear Adm. Ritchie**—We have never been anywhere near SIEVX. What period of time are you talking about—after it has sailed and it is at sea?

**Senator FAULKNER**—I did not qualify my question; I just asked whether there were any photographs of SIEVX.

**Rear Adm. Ritchie**—There are no photographs of SIEVX that I know of, and there are certainly—definitely—none of it in transit anywhere. I say that because it could well be that some of the intelligence sources have taken photographs of it.

**Senator FAULKNER**—As you know, some of the surveillance task is undertaken by Coastwatch and some is undertaken by RAAF, and then of course there is also in relation to some of these SIEVs, and in one infamous case, a great deal of photography that we all know about. So I wanted my question to be broad enough for me to be confident. Just because Rear Admiral Bonser said that he felt, for absolute certainty, this question ought to be directed to Defence, I thought it appropriate to ask you. But can you assure us?

**Rear Adm. Ritchie**—If the question concerns whether there are any photographs taken from an RAAF aircraft of SIEVX, the answer is no.

**Senator FAULKNER**—Are there any photographs taken by the Royal Australian Navy?

**Rear Adm. Ritchie**—The answer is no.

**Senator FAULKNER**—I think you have actually gone further than that and said that you are not aware of any surveillance photographs?

**Rear Adm. Ritchie**—I am not aware, no.

**Senator FAULKNER**—In relation to Operation Relex in the broad, how and where did you handle your point of contact with the department of immigration? Was that done at the task force level or was that done elsewhere, to your knowledge?

**Rear Adm. Ritchie**—There is no contact at my level with the department of immigration, as far as I am aware—and I will come back to one small qualification. As far as I am aware, that has been done through this interdepartmental committee that we have heard so much about in other hearings. Defence's representative in all of that has been Strategic Command Division. I say that there might be some qualification because I do believe that on the ground in the Northern Territory there is a relationship between the department of immigration and the Northern Command. That has primarily been in respect of Operation Gaberdine, about the use of detention facilities and those sorts of things. So there is clearly some relationship there, but it has no direct impact on the conduct of Relex as such.

**Dr Hawke**—On the same issue, there would have been some contact with the corporate services area of the organisation, the civilian side, in relation to facilities in precisely the same way that Admiral Ritchie is talking about.

**Senator FAULKNER**—Thank you for that. I suppose the only thing that perhaps surprises me—I perhaps expected those answers—is that there may have been some contact at the military attache level.

**Rear Adm. Ritchie**—That is possible. Do you mean in Jakarta?

**Senator FAULKNER**—Yes.

**Rear Adm. Ritchie**—That is possible. I have no direct knowledge of it, but it is possible.

**Senator FAULKNER**—How are the activities of the military attaches handled, Dr Hawke?

**Dr Hawke**—Military attaches are responsible to the International Policy Division, which comes under the Deputy Secretary, Strategic Policy. I think he is due to answer questions tomorrow. That is Dr Richard Brabin-Smith.

**Senator FAULKNER**—Would it be better dealt with there?

**Rear Adm. Ritchie**—I think so. They would know. He and Myra Rowling, who is the division head, would be the best people to address those questions to. As I mentioned

yesterday in relation to another question you asked, military attaches are responsible to the head of mission, who is of course a Department of Foreign Affairs and Trade person.

**Senator FAULKNER**—It is the only other contact I could imagine that might have taken place between Defence and DIMIA. I am not clear really on the role that the joint People Smuggling Strike Team and some of the other operations that hang off it have, but Admiral Ritchie is going to follow through for me on any Defence involvement of whatever nature. I suppose we could deal with that under the International Policy Division, could we?

**Dr Hawke**—That would be fine by us.

**Senator CHRIS EVANS**—Are we doing Navy?

**CHAIR**—We are doing Navy. Just before we do, Senator Payne, do you want to ask your questions on East Timor now?

**Senator PAYNE**—Mr Chairman, I want to ask a question about the chapter 6 versus chapter 7 mandate in East Timor, but I am in your hands as to whether that is appropriate for now or whether you want me to wait.

**Dr Hawke**—It is appropriate for now, Mr Chairman.

**Senator PAYNE**—Admiral Ritchie, the discussion through the UN Security Council debate on about 17 May canvassed the question of whether the continuing mandate would be chapter 6, split 6/7 or chapter 7. I think it resolved on chapter 7 with a review after 12 months. Is that right?

**Rear Adm. Ritchie**—It is certainly chapter 7 now, although the review after 12 months does not ring an immediate bell with me. Certainly the new mandate post independence remains chapter 7, with unchanged rules of engagement.

**Senator PAYNE**—Does that have an impact, significant or otherwise, on our planning with regard to East Timor?

**Rear Adm. Ritchie**—Not really. It means that we will continue to do the same sorts of things that we have done and will continue to need the same sort of force protection.

**Senator PAYNE**—Our other commitments elsewhere that have been discussed around the table over the past few days—I am sure we will have further discussion—does not make that process any more difficult?

**Rear Adm. Ritchie**—No.

**Senator PAYNE**—Thank you.

**Senator HOGG**—If I can turn to page 41 of the PBS, there you list a number of key risks and limitations for Navy. I want to go briefly through each of those. The first one on personnel states:

Shortages of uniformed personnel, particularly in some primary employment qualifications and categories, represent one of the most significant risks to the delivery of Navy capabilities.

What are some of the primary employment qualifications and categories that present this significant risk?

**Rear Adm. Adams**—We have split the categories into officers and sailors. In the seamen branch, principal warfare officers, surface warfare officers by another name—

**Senator HOGG**—Can you give me the category, your expected level and where you are actually at so that we can get an idea of the deficiencies?