

Foreign Affairs, Defence and Trade

2018–19 Budget estimates

Tuesday, 29 May 2018

Defence

Wednesday, 30 May 2018

Defence (continued)

Thursday, 31 May 2018

Foreign Affairs and Trade

Friday, 1 June (or Tuesday, 5 June) 2018

Foreign Affairs and Trade (continued)

[Program for 29 May to 1 June \(or Tuesday, 5 June\) 2018 \(PDF 146KB\)](#)

Questions on notice

Search the database for questions placed on notice during estimates hearings, and the answers provided. The database contains information for the Foreign Affairs, Defence and Trade Legislation Committee from the 2017–18 supplementary budget estimates hearings. For earlier estimates rounds, please see below.

Current questions on notice

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Question Number	Senator	Estimates Round	Portfolio	Broad Topic	Agency Asked	Status	Hearing Date	Select All
1	Kimberley Kitching	2017-18 Additional estimates	Defence	Pacific Surveillance Pacific Partners	Department of Defence	Answered	28/02/2018	<input type="checkbox"/>

Overdue No

Asked Of Department of Defence

Proof Hansard Page/Written 13

Portfolio Question Number 1

Question Senator KITCHING: Thank you. I'm going to move on to Pacific surveillance. At the end of January, 28 January, in fact, Minister, you issued a press release that talked about civilian aerial surveillance across the central and western Pacific. What is the program funded to do?

Senator Payne: It's a very good news story. It's part of our engagement across the Pacific, which includes the construction of the Pacific patrol boats of course. We do this with our partners in the Pacific range of nations and I can get the full list, but I don't have it in front of me.

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Answer

The Pacific Maritime Security Program (PMSP) builds on the success of the Pacific Patrol Boat Program by broadening and strengthening the region's capability to respond to maritime security, transnational crime and fisheries protection. The PMSP (AUD2 billion over 30 years) consists of three components: Replacement patrol boats – the Guardian-class Patrol Boat; integrated aerial surveillance; and enhancements to regional cooperation.

All 12 Pacific Island Countries already operating Pacific Patrol Boats have committed to receiving replacement vessels under the PMSP. This includes Papua New Guinea, Solomon Islands, Palau, the Federated States of Micronesia, Kiribati, Samoa, Vanuatu, Fiji, Tuvalu, Tonga, Cook Islands and the Republic of the Marshall Islands.

- On 19 December 2017, Timor Leste's Minister for Defence and Security wrote to Minister Payne to formally accept the offer of two Guardian-class Patrol Boats. Defence will work with Austal Ships Pty Ltd on exercising the existing contract option for provision of two additional boats. Australia and Timor-Leste continue to work closely to finalise arrangements for delivery and integrated long-term support for these new platforms.

When fully implemented, the PMSP Aerial Surveillance will provide up to 1,400 hours of aerial surveillance each year across the Western and Central Pacific through two dedicated long-range aircraft based in the region. The surveillance, as part of the overall Pacific Patrol Boat Program/Pacific Maritime Security Program will provide targeted maritime patrolling and enhance the ability of Pacific Island Countries to defend against regional maritime security threats such as illegal fishing and transnational crime.

- The PMSP Aerial Surveillance will be available to 15 countries; Cook Islands, Fiji, Federated States of Micronesia, Kiribati, Nauru, Niue, Palau, Papua New Guinea, the Republic of the Marshall Islands, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu.

2	Kimberley Kitching	2017-18 Additional estimates	Defence	Payments to Technology Service Corporation	Department of Defence	Answered	28/02/2018	<input type="checkbox"/>
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Overdue No

Asked Of Department of Defence

Proof Hansard Page/Written 13

Portfolio Question Number 2

Question Senator KITCHING: How much money is being provided to Technology Service Corporation?

Mr Dewar: We signed the contract with TSC in December last year and, under that, they need to meet milestones in order to receive the payments. I'll have to confirm, but I don't

Question Number	Senator	Estimate Round	Portfolio	Broad Topic	Agency Asked	Status	Hearing Date	Select All <input type="checkbox"/>
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think they've received a payment to datenot until they meet the first milestones.
 Senator KITCHING: And when are the first milestones due to be met?
 Mr Dewar: The contract is divided into phases. We're currently in what we call the definition phase. That involves some flights to start establishing the procedures the minister was talking about in terms of engaging with the Forum Fisheries Agency and communicating with boats and so on. It also involves identifying the infrastructure needs that are going to have to support the program so it can fly out of all the different countries. It also involves setting up the coordination positions in the Forum Fisheries Agency to do that communications coordination. That work is all part of the definition phase that's currently underway. That finishes on 30 April. [+ Expand Question](#)

Answer

On 8 December 2017, Defence signed a contract with Technology Service Corporation (TSC) to deliver aerial surveillance services across the Western and Central Pacific region. The contract amount for the current **six year contract is \$68.388 million** and is publicly listed on the AusTender site.

Milestones for Phase 1 are due to Defence by 30 April 2018. TSC are on track to achieve milestone 1. TSC has not yet issued an invoice.

3	Kimberley Kitching	2017-18 Addition al estimates	Defence	Meetings with Federated States of Micronesia Names and Positions	Department of Defence	Answered	28/02/2018	<input type="checkbox"/>
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Overdue No

Asked Of Department of Defence

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Portfolio Question Number 4

Question Senator KITCHING: The Australia's ambassador to the Federated States of Micronesia has held some urgent meetings to rectify administrative issues that would be preventing further flights. Can you update us on those meetings?

Mr Dewar: Yes. What happened was there was some delay to the aircraft leaving the Federated States of Micronesia, and that was around delays to **issuing permits**. We had asked the ambassador to go in and engage with the Federated States of Micronesia government to try and work out what the delay was about and how we could get those permits issued. That happened so the aircraft could then depart on the 21st.

Senator KITCHING: Depart to Palau?

Mr Dewar: To Palau correct.

Senator KITCHING: Who were those meetings with?

Mr Dewar: I don't have the names and positions of the people those meetings were with,

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but it was with a range of Federated States of Micronesia government officials who are responsible for that area of government.

Senator KITCHING: If you are able, could you provide those on notice?

Mr Dewar: Sure. I'm not sure if I'll be able to get that in an hour or two. It might take some time, but we can take that on notice. [+ Expand Question](#)

Answer

The Forum Fisheries Agency (FFA) is responsible for leading diplomatic engagement with FFA member countries; this includes permit requests. The Director General FFA wrote to the Secretary for Foreign Affairs in the Federated States of Micronesia (FSM) on

8 December 2017 following signing of the contract. Representatives from the Australian Embassy Pohnpei – FSM (Ambassador George Fraser, Senior Program Manager Suzanne Gallen, Consular Officer Yomalinda Pablo), Australian Department of Defence (Maritime Surveillance Adviser LCDR Lauren Milburn), FSM Ministry of Foreign Affairs (Deputy Secretary, Samson Pretrick, Foreign Service Officer Kenmore Salvador, Foreign Service Officer Jaeger Pretrick), FSM Department of Communications and Infrastructure - Civil Aviation (Acting Secretary Dickson Wichep, Civil Aviation Marvin Heine) and Forum Fisheries Agency (Director-General FFA James Movick) attended meetings between **27 January 2018 and 21 February 2018**.

4	Kimberley Kitching	2017-18 Additional estimates	Defence	Delay before First Flight	Department of Defence	Answered	28/02/2018	<input type="checkbox"/>
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Overdue No

Asked Of Department of Defence

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Portfolio Question Number 5

Question Mr Ablong: In the fullness of time, it'll be the Forum Fisheries Agency that has the responsibility for the diplomatic clearance process, not Australia. We're just helping them the company, the Forum Fisheries Agency and the nations involved to work through these issues.

Senator KITCHING: How long was the delay?

Mr Dewar: I'd have to take on notice when we first sought the permit. The facts I have are that the first flight was on 18 December and the aircraft did not depart FSM, the Federated States of Micronesia, until 21 February.

Answer

The Forum Fisheries Agency (FFA) is responsible for leading diplomatic engagement with FFA member countries; this includes permit requests. The FFA first sought flight

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permission for the inaugural flight from the Federated States of Micronesia Government on 8 December 2017. The request was made through a letter from the Director General FFA to the Secretary for Foreign Affairs in the Federated States of Micronesia.

5	Kimberley Kitching	2017-18 Addition al estimates	Defence	Operating Range Cessna 337	Department of Defence	Answered	28/02/2018	<input type="checkbox"/>
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Overdue No

Asked Of Department of Defence

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Portfolio Question Number 6

Question Senator KITCHING: I would not try to fly with me! What's its operating range the Cessna 337?

Mr Dewar: I'd have to take that on notice.

Senator KITCHING: Thank you. So that would do a closer-in range. What's the range that will be required to be done?

Air Chief Marshal Binskin: I think the best bet is to take that on notice.

Senator KITCHING: Yes, sure.

Air Chief Marshal Binskin: We'd be able to provide you with a bit of a map and show

Mr Dewar: Can I just make one point, if I can? The focus will be on the exclusive economic zones of the countries, and that's 200 nautical miles from islands. So, just in terms of conceptualising, this is not about every square centimetre of the Pacific Ocean necessarily. The focus is on the exclusive economic zones of the+ [Expand Question](#)

Answer Answer attached

6	Kimberley Kitching	2017-18 Addition al estimates	Defence	Technology Service Corporation Previous Experience	Department of Defence	Answered	28/02/2018	<input type="checkbox"/>
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Overdue No

Asked Of Department of Defence

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Portfolio Question Number 7

Question Senator KITCHING: I will ask some questions on Technology Service Corporation, and then I'll be finished with this topic. Have they done this sort of thing before?

Mr Dewar: Yes, they have done some aerial surveillance 21 work before.

Senator KITCHING: And where are they headquartered?

Mr Dewar: They're headquartered in the United States

Senator KITCHING: They don't have an arm out here or a division in Australia?

Mr Dewar: No, they don't.

Senator KITCHING: Have they done any of this sort of work for us previously?

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Mr Dewar: We, Defence, haven't contracted them previously.
 Senator KITCHING: Do you know of anyone else
 Mr Dewar: I don't
 Mr Ablong: We'll take that on notice.+ [Expand Question](#)

Answer

Technology Service Corporation, a United States company, with a registered branch in Australia has experience in delivering regional surveillance through the Pacific Islands Forum. Technology Service Corporation corporate office is located in Arlington, Virginia, United States of America. Technology Service Corporation has not previously engaged in any Australian Defence or Australian Government work.

7	David Fawcett	2017-18 Addition al estimates	Defence	Tender for Aerial Surveillance RPAS as an Option	Department of Defence	Answered	28/02/2018	<input type="checkbox"/>
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Overdue No

Asked Of Department of Defence
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 Portfolio Question Number 8

Question Senator FAWCETT: On a similar theme of aerial surveillance, when you say no companies tendered, was that purely for manned aircraft? Did anyone tender to provide an RPAS?

Mr Dewar: When you say RPAS

Senator FAWCETT: Remotely piloted aerial system.

Mr Dewar: Thank you. I'm not aware of anyone having proposed that as part of the tender process.

Senator FAWCETT: Did the tender specifically call for a manned aircraft or was it a purely outcome-based tender where you could use whichever platform you liked?

Mr Dewar: I'd need to confirm the wording. I'll have to take that on notice, but I think our assumption was that, given where we would be operating out of and so on, it was probably going to be an aircraft with pilots, but I'll need to confirm that for you.

Air Chief Marshal Binskin: Also there are some times where having a manned system is more advantageous. In this case, a manned system allows aerial riders from various nations to go on board, which they can't on a remotely piloted system, so there's a little bit more in the ownership for the various nations in being able to patrol their EEZs as well, but we can take all the other details on notice, if you would like.+ [Expand Question](#)

Answer

The Request for Tender requested that the contractor deliver the integrated Pacific Maritime Security Program Aerial Surveillance Patrols utilising a civilian registered, piloted, and manned fixed-wing aircraft (the 'Primary Air Vehicle'). The use of a manned, fixed-wing capability meets the capability needs of the region, builds

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interoperability with the patrol boats, allows for personal engagement with officials, and enables the boarding of air-riders from countries to support the monitoring of their own resources.

The Request for Tender also noted that the Primary Air Vehicle could be supplemented by rotary-wing, unmanned aerial vehicles and/or space platforms (together comprising the 'Surveillance Fleet').

8	Kim Carr	2017-18 Additional estimates	Defence	Offshore Patrol Vessel Through Life Support Costs	Department of Defence	Answered	28/02/2018	<input type="checkbox"/>
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Overdue No

Asked Of Department of Defence

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Portfolio Question Number 9

QuestionRear Adm. Dalton: The acquisition of 12 offshore patrol vessels constructed in two sites in Australia, the first two in Osbornethe first one commencing construction on the contracted date of 15 November 2018and the construction of 10 ships in Henderson from 2020.

Senator KIM CARR: The \$3.6 billion is the construction cost. What are the through-life support costs?

Rear Adm. Dalton: We haven't got that figure at tender quality data yet. We will go out to market

Senator KIM CARR: I understand that these are subject to contract negotiations, but you must have a rough estimate.

Rear Adm. Dalton: We haven't gone out to the market yet. We will release a request for tender later this year.

Senator KIM CARR: How long do you think these vessels will be in service for?

Rear Adm. Dalton: They'll have a life between 20 and 30 years.

Senator KIM CARR: So you have no estimate at all of what the cost, in terms of sustainment, would be?

Rear Adm. Dalton: There is a provision.

Senator KIM CARR: What would that be?

Rear Adm. Dalton: I'd have to take that on notice, to get you the figure.

Senator KIM CARR: That will be an accurate figure. But, with your many years of experience, you'd be able to make now a rough stab of what it would be.

Senator Payne: We're not going to make rough stabs.

Senator KIM CARR: I want to get the scale of this project clear in my own head. It's \$3.6 billion just to build the vessels. It's usually a much larger amount of money required to sustain the vessels over the

Mr Gillis: There are a couple of factors here. The first factor is how long the Navy intends to operate. This is part of our continuous shipbuilding strategy for Western

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Australia and so defining that specifically is a part of the Naval Shipbuilding Plan. I think what we can do is take it on notice, in this session, and we'll give you an order of magnitude.+ [Expand Question](#)

Answer

The estimate for the future sustainment costs of the Offshore Patrol Vessels is in the order of \$7 billion to \$11 billion for a service life of between 20 and 30 years.

9	Kim Carr	2017-18 Addition al estimates	Defence	Offshore Patrol Vessels Contract with Lurssen Australia	Departme nt of Defence	Answered	28/02/2018	<input type="checkbox"/>
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Overdue No

Asked Of Department of Defence

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Portfolio Question Number 10

Question Senator KIM CARR: Minister, I've asked a specific question. Who did you seek legal advice from in regard to the legality of the option that cabinet has pursued in regard to this contract?

Senator Payne: I've indicated previously that it's not my habit to comment on advice provided to the deliberations of cabinet, but I'll take that question on notice and I'll see what answer I can provide to you.

Senator KIM CARR: When did you seek that advice?

Senator Payne: Continuing to take that on notice.

Senator KIM CARR: And when was that advice provided?

Senator Payne: Continuing to take that on notice, Senator.

Answer

The Department of Defence engages external law firms on major procurements. In this matter, the Department engaged Sparke Helmore as its legal advisers. Sparke Helmore provided legal advice to the department on issues throughout the evaluation and Offer Definition and Improvement Activity process in relation to a broad range of issues, including contracting models and commercial structures.

10	Kim Carr	2017-18 Addition al estimates	Defence	Offshore Patrol Vessels Legal Advice Legal	Departme nt of Defence	Answered	28/02/2018	<input type="checkbox"/>
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				Requirements				

Overdue No

Asked Of Department of Defence

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Portfolio Question Number 11

Question Senator KIM CARR: Was it the advice of your legal advisers that the options that had actually been presented to the government had met the legal requirements?

Senator Payne: That is a slightly different question, Senator.

Senator KIM CARR: It is a different question. I agree, it is a different question.

Senator Payne: I will examine it on the Hansard. I don't think it's a question which government would normally respond to in detail, but let me examine that.

Senator KIM CARR: Right. The original statement from 25 November states:

The project

that is, that two will be built in South Australia

will then transfer to the Henderson Maritime Precinct in WA where Lrssen will use the capabilities of Austal and Civmec to build ten OPVs, subject to the conclusion of commercial negotiations.

Senator Payne: That's correct, Senator. And that's what we have said, I think, multiple times on the record.

Senator KIM CARR: That's right. A decision has been made, and I'm suggesting it's been made by the cabinet. Is that correct?

Senator Payne: I've taken a number of your questions on notice. We've answered you in relation to the questions you've raised already about this, and I think the officers have been very forthcoming, Senator. [+ Expand Question](#)

Answer

The tender evaluation was conducted inside the approved tender framework and has received independent legal sign-off. The Department of Defence, as is normal during a procurement process, received external legal and probity advice in relation to a very broad range of issues including contracting models and commercial structures prior to the selection of the successful Offshore Patrol Vessel tenderer (including subcontracting and joint venture arrangements). The content of such advice to the Department is subject to legal professional privilege.

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