

PART THREE

STATUTORY REPORTING REQUIREMENTS

STATUTORY REPORTING REQUIREMENTS

1. Workplace Relations
2. Occupational Health and Safety
3. Freedom of Information
4. Discretionary Grants
5. External Consultants
6. Advertising and Market Research
7. Annual report on the Administration and Operation of the *Defence Force (Home Loans Assistance) Act 1990*

Part Three contains additional information required under specific statutory provisions relating to an agency's Annual Report. A list of additional information that is available on request can be found on page 329 of this report.

WORKPLACE RELATIONS

Civilian

The Department negotiated a new workplace agreement with employees and their representatives during the year. The *Defence Employees Industrial Agreement 1998-99* was certified on 6 May 1998 by the Australian Industrial Relations Commission after receiving 90% approval from over 80% of the employees who voted.

Prior to the vote the Department conducted a comprehensive communications campaign which included the publication of a series of newsletters advising staff about the proposed contents of the agreement, and a series of briefings across the country to explain the new agreement to staff. In a two week period employees of the Workplace Relations Branch spoke to over 10,000 people in 115 sessions.

The agreement provided recognition of the Defence Reform Program and its objectives. It also provided a range of improved conditions for employees and an overall pay increase of 6% over 18 months. The agreement expires in October 1999.

Included in the improved conditions the agreement provides are:

- streamlined redeployment and retrenchment provisions which allow employees facing voluntary redundancy to leave within five weeks of receiving an offer and which also maintain a strong commitment to redeployment and training for employees who wish to stay with the Department;
- a package of flexible leave arrangements to assist managers to meet operational requirements while allowing employees to balance work and personal commitments better; and
- arrangements to allow more flexibility for managers and their employees to set hours of work which suit the requirements of their workplaces and the personal needs of staff.

There was no significant industrial action during the year although the Department was required to deal, through the Industrial Relations Commission, with a number of claims of unfair dismissal under the *Workplace Relations Act 1996*.

The Department concluded Australian Workplace Agreements for all Senior Executive Service employees during the year.

Military

A replacement ADF Workplace Arrangement was endorsed by the Defence Force Remuneration Tribunal on 22 October 1997 providing for a three-phase salary increase totalling 6% over 18 months, together with other enhanced conditions of service benefits. Similar to earlier arrangements, the *ADF Productivity-Based Remuneration Arrangement: 1997-99* provides the framework for continuing industrial reform and a remuneration strategy for the ADF throughout the period of the arrangement.

The arrangement recognises and rewards the commitment of ADF members to the Defence Reform Program and the major changes to ADF capability. The arrangement provides, inter alia, for continuing productivity and efficiency reforms, changes to higher-command arrangements, enhanced flexibility in personnel management initiatives, the introduction of flexible employment practices, and enhanced consultative practices.

The ADF Workplace Arrangement was developed in conjunction with the development of the Defence civilian agreement, the *Defence Employees Industrial Agreement 1998-99*, providing for a consistent level of reform and comparable outcomes across the organisation.

Additional reforms currently being progressed include the ADF pay and allowances project; the rationalisation of ADF allowances and benefits; flexible remuneration packaging; the introduction of part-time leave without pay; the establishment of a bereavement payment entitlement; and reforms of housing assistance and accommodation charges. Other industrial issues included the transfer in June 1998 of the administrative responsibilities for sections 58A to 58E of the *Defence Act 1903*, which relate to ADF conditions of service, from the Minister for Workplace Relations and Small Business to the Minister for Defence, and the Review of ADF Pay Setting Arrangements, including the operation of the Defence Force Remuneration Tribunal.

OCCUPATIONAL HEALTH AND SAFETY

Defence is committed to the provision of a safe and healthy work environment for all Defence personnel (both military and civilian) as well as contractors and visitors to Defence establishments.

The Head, Defence Personnel Executive is tasked with the responsibility for performing the duties assigned to the employing authorities under the *Occupational Health And Safety (Commonwealth Employment) Act 1991* (the OH&S Act); and has responsibility for the development of occupational health and safety policy and programs for the Department of Defence, in accordance with the consultative provisions of the *Defence Occupational Health and Safety Management/Union Agreement*, and for the ADF. The *Defence Occupational Health and Safety Policy Statement*, originally signed by the Secretary to the Department of Defence and the Chief of the Defence Force on 18 February 1992 and reissued in October 1995, remains extant.

OCCUPATIONAL HEALTH AND SAFETY POLICY

The development and implementation of common ADF and civilian policy continued to contribute to an improvement in occupational health and safety in 1997-98. A measure of this effectiveness was the reduction in the number of both civilian and military incident reports and consequent compensation claims during the year.

In 1997-98, policy and guidance was published on the management of hazardous substances excluding explosives and radioactive materials; indoor air quality; contractor safety management; confined spaces; screen-based equipment; and visually-demanding tasks. In addition, the Defence Occupational Health and Safety Manual was completed. The manual will provide integrated policy and guidance for both Service and civilian personnel.

WORKPLACE ARRANGEMENTS

As a result of Program and other organisational changes under the Defence Reform Program, the designated work group and health and safety representative structures have undergone significant realignment. These changes also affected the occupational health and safety committee structure. These committees represent the interests of Defence employees and deal with local issues at a local level.

The number of unit, establishment and base workplace committees increased by 10 military and 90 civilian during the period. Across the ADF, there are 550 military occupational health and safety committees which represent the interests of all personnel and which are managed by ADF commanders of units and establishments. In accordance with the management/union agreement, health and safety representatives are invited to join the military committees.

As at 30 June 1998, a total of 314 designated work groups were operating throughout the Defence organisation. This represents a reduction of 75 from the previous year, reflecting an overall reduction in Defence personnel numbers and the rationalisation of Defence workplaces. A further 202 health and safety representatives, who are elected to represent work groups, received Comcare-accredited training during the year.

MEASURES TAKEN IN 1997-98

During the year, a number of measures were taken to ensure the health, safety and welfare at work of employees and contractors. Significant measures are outlined below.

Training

In line with Defence policy, all new generic occupational health and safety training is now becoming competency based. Adjustments continued to be made to all training modules as they were reviewed. To ensure that all members of the Defence organisation are aware of their roles and responsibilities, these training modules are being made available to all Defence employees.

Automated Management System

An integrated occupational health and safety, compensation and rehabilitation management information system for the Defence organisation, known as Defcare, was implemented during 1997-98. The system will assist in more effective management of occupational health and safety activities and the development of appropriate prevention strategies.

Asbestos Exposure Evaluation Scheme

During 1997-98, 125 ex-military and civilian Defence employees accessed the scheme which was established in 1992 to provide counselling, health assessment and testing for ex-Service and current and former civilian employees of the Department of Defence who may have been exposed to asbestos during their employment with Defence. The scheme operates under an agreement between Defence and Health Services Australia.

Chemical Database

The central database, established to ensure that each employee required to use hazardous substances has access to current material safety data sheets, continued to be refined. Acquisition, updating and distribution of the data sheets is a continuing task. A review of user and information technology requirements commenced in 1997-98.

NOTIFICATION AND REPORTING OF SERIOUS INJURIES AND DANGEROUS OCCURRENCES

In accordance with Regulations to the OH&S Act, Defence is required to notify Comcare, within specified times, of specified accidents and incidents. These notifications are to be followed up with a report to Comcare within 28 days of the accident or incident. For the period 1 July 1997 to 30 June 1998, there were 1900 notifications and 1131 reports made to Comcare.

Investigations Conducted during the Year

There were nine 'planned' investigations and 31 'reactive' investigations conducted by Comcare during the year. This included investigations and audits commissioned by Comcare and audits requested by units or establishments.

Notices

In 1997-98, ten Provisional Improvement Notices were issued by health and safety representatives. Nine of these were resolved satisfactorily at local level while the remaining notice was investigated by Comcare and withdrawn subsequently. There were two Improvement Notices and three Prohibition Notices issued by Comcare investigators as part of reactive investigations during the year.

FREEDOM OF INFORMATION SECTION 8 STATEMENT

Section 8 of the *Freedom of Information Act 1982* (FOI Act) requires each Commonwealth agency to publish information about the way it is organised, its functions, the decision-making and other powers it has that affect the public, arrangements for public participation in the work of the agency, and the categories of documents that are held by the agency and how these can be accessed by the public.

Information about the structure of the Defence organisation can be found in the *1997-98 Organisational Structure* section in Part One of this report, while organisational functions are explained Program by Program in Part Two. The remainder of the information required to be published in the annual report is set out below.

In addition to the procedures of the FOI Act, other, less formal, avenues exist for accessing information from Defence. Examples of information available are under *Categories of Documents Maintained* later in this section; access details within Defence are at the end of the section. In addition, contact points for inquiries are located in all states and territories. Details are contained in the *Defence Service Charter*, which is reprinted in *Appendix L* to Part One of this report.

FOI PROCEDURES AND INITIAL CONTACT POINTS

A request for access to documents under the FOI Act must be made in writing and provide such information concerning the documents as is reasonably necessary to enable a responsible officer of the Department of Defence to identify them. The request must be accompanied by a \$30 application fee (unless the fee is not required or it has been remitted by the Department) and should include a telephone number and a return address by which the applicant can be contacted. Requests may be sent by post or delivered to an officer of the Department, at the address of the central office (in Canberra - see below) or any regional office of the Department specified in a current telephone directory. The following address is preferable:

Freedom of Information Section
Defence Legal Office - Canberra
(NCC-C1)
Department of Defence
CANBERRA ACT 2600.

Advice about making a request under the FOI Act may be obtained by telephoning the FOI Section on (02) 6266 9214 or (02) 6266 8235. Applicants seeking access to documents may be liable to pay charges at rates prescribed by the Freedom of Information (Fees and Charges) Regulations.

AUTHORISED FOI DECISION-MAKERS

The authority to disclose documents is held widely throughout the Department and the ADF at Director level (Senior Officer Grade A or B and Colonel or equivalent rank) and above.

The occupants of positions classified as Band 1 or higher in the Senior Executive Service of the Australian Public Service and the occupants of positions classified at Brigadier (or equivalent) or higher rank are authorised to refuse requests for access to documents under the FOI Act.

Authority to make decisions of other kinds under the freedom of information legislation, for example, the power to impose charges on applicants, has also been granted to appropriate officers. Details can be obtained from the FOI Section (see above).

DECISION-MAKING AND OTHER POWERS AFFECTING MEMBERS OF THE PUBLIC¹

Reference may be made to the fold-out organisation chart found at the end of this report when reading this section.

Chief of Navy

May declare by notice in the *Commonwealth of Australia Gazette* an area in or adjacent to Australia to be a firing area; may make orders and give instructions in relation to canteens and clubs for members of the Navy; may grant to a person a licence to trade in a naval establishment; and may approve which subjects at a matriculation examination will qualify a person for entry to the Royal Australian Naval College.

Maritime Commander Australia

May make decisions relating to public access to naval ships and military (Navy) areas; may provide assistance to civilian authorities in disaster relief or rescue situations; may make public comment in relation to visiting naval forces or ships; convenes courts martial which may involve the summoning of civilian witnesses; provides Defence Assistance to the Civil Community² when not managed by the commanding officer of the area.

Chief of Army

May prescribe conditions for entry to the Army; place the names of officers and former officers on the retired list, grant them military title and authorise the wearing of uniforms and insignia by such persons; determine who shall be employed, reside or stay in any military establishment; approve the possession, sale, supply and consumption of intoxicating liquor at a gathering of members of the Army and their guests; and order the sale or destruction of unclaimed property held in ADF establishments or stores.

Land Commander Australia

May make decisions relating to public access to military (Army) areas; selects private, state or Commonwealth property for training exercises; provides Defence Assistance to the Civil Community as directed by the Commander Australian Theatre or Defence Headquarters; may release Army personnel information; may approve local hire or lease of Army property; and may impose constraints on Army personnel which impinge on public enterprise.

General Officer Commanding Training Command

May authorise the provision of Defence Assistance to the Civil Community by any of the schools, colleges or training establishments and release information from the records of any member and ex-member who has undergone training by the Command.

¹ It should be noted that many powers invested in the specific positions described in this section may be delegated formally to subordinate officers.

² Defence Assistance to the Civil Community is a program through which Defence provides a variety of emergency and non-emergency assistance to the civil community. Tasks can include fighting bushfires, flood relief operations, search and rescue, flyovers and displays at significant public events and various support tasks for local authorities and charitable organisations around Australia.

Chief of Air Force

Has the power to determine the conditions for the appointment of officers and airmen to the Royal Australian Air Force.

Air Commander Australia

Provides Defence Assistance to the Civil Community and may summon civilian witnesses to attend Air Force courts martial.

Commander Support Australia

Has authority to issue invitations to register interest and requests for tender, to evaluate tenders and recommend source selection for minor capital equipment; authority to approve Defence Assistance to the Civil Community; and may summon civilian witnesses to attend disciplinary tribunals.

Head Joint Education and Training

Has the authority to issue invitations to register interest and requests for tender, to evaluate tenders and to recommend or approve source selection for training rationalisation reviews and delivery of training courses.

Defence Personnel Executive Program

Personnel Policy

Delegations are held by senior psychologists to allow the release of information from individual psychological records.

Personnel Management

The Directors-General Career Management (Navy/Army/Air Force) may authorise the release of serving and former members' military history.

Deputy Secretary Acquisition

Has the authority to determine method of procurement and approve contracts for major capital equipment.

First Assistant Secretary Capital Equipment Program

Has the authority to conduct independent reviews of tender evaluation reports and to recommend to Deputy Secretary Acquisition a preferred source of supply for major capital equipment projects, and to approve screening and short-listing of tenders.

Heads of Systems Acquisition (Electronic Systems), Systems Acquisition (Maritime and Ground) and Systems Acquisition (Aerospace)

Have the authority to issue invitations to register interest and requests for tender, to evaluate tenders and to recommend source selection for major capital equipment. In specific cases, have the authority to determine the method of procurement and approve major capital equipment contracts.

Head Industry & Procurement Infrastructure

Has the authority to issue approvals to export certain defence equipment and goods with dual civil and military applications; to accept tenders and quotation recommendations for the purchase of supplies and services; and, on behalf of Defence, to accredit suppliers' quality systems.

Head Defence Estate

Has authority to determine the method of procurement, issue invitations to register interest and requests for tender, evaluate tenders, recommend source selection and approve contracts for capital facilities, property transactions, facilities operations and the purchase of services.

Head Defence Corporate Support

Has authority to provide Defence Assistance to the Civil Community; control public access to military areas; approve the loan, hire or purchase of Defence stores and equipment and, in defined cases, determine the method of procurement; issue invitations to register interest and requests for tender; evaluate tenders and recommend or approve sourcing; issue period contracts; and grant remission of fees and impose charges payable under the freedom of information legislation.

In accordance with an arrangement made between the Department of Defence and the National Archives of Australia pursuant to section 35 of the *Archives Act 1983*, the Director Classified Archival Records Review provides advice to the Director-General National Archives of Australia specifying which matter, if any, contained in classified Defence archival records is considered to be exempt under sections 33(a) and (b) of the Act. Such advice is generated in the course of the Department's continuing program of clearing classified archival records for public release or in response to requests from members of the public for access to such records (pursuant to section 35 or 40, respectively, of the Act).

First Assistant Secretary Resources and Financial Programs

Determines the rates of charge for the use of departmental stores and services; determines, in association with the Department of Finance and Administration, the costs to be recovered in respect of Defence Assistance to the Civil Community; accepts the insurable risk in respect of ADF activities and stores on loan to the Department of Defence; may write-off irrecoverable revenue, debts and overpayments or amounts uneconomical to recover; and may allow an amount payable to the Commonwealth to be paid in instalments.

ARRANGEMENTS FOR OUTSIDE PARTICIPATION

National Workplace Relations Committee

The committee was established under the *Defence Employees Industrial Agreement 1998-99* to deal with a wide range of employment matters affecting Defence civilian employees. Involves representatives of departmental employees who may be union representatives.

Joint Consultative Committee

The committee was established under the *Department of Defence (Commonwealth of Australia) West Malaysia Employees Agreement 1970* to negotiate and discuss matters relating to rates of pay and conditions of employment for locally-engaged civilians working at RAAF Support Unit, Butterworth. Involves representatives of Departmental employees who may be union representatives.

Defence Force Health Consultative Group

The role of the group is to establish, at senior level, formal liaison between the Department of Defence and appropriate civilian authorities and to provide advice on medical and health issues which have relevance to the Department. The group consists of the Surgeon General ADF and representatives from other departments and professional bodies, including the Australian Medical and Dental Associations.

Australian Defence Medical Ethics Committee

The committee was formed to consider and monitor the ethical implications of biomedical research within Defence. The committee consists of a laywoman and layman not associated with the ADF, a minister of religion, a lawyer, a medical graduate with research experience and a chairperson with research experience.

National Consultative Group of Service Families

The group was established in 1987 with the purpose of improving the quality of life for Service families by providing them with a forum for expressing their views, for reporting and making recommendations to the Chief of the Defence Force and for influencing policy that affects them.

Citizens in Support of Reserve Forces (Trust) Fund

The group was established through a Trust Deed approved by the Minister. In recent times the work of the trust has been almost exclusively to provide financial support for the Prince of Wales Award. There are four external trustees.

Defence Reserves Support Committee

The committee aims to promote the benefits of reserve service to the community. As well as spreading the word informally about reserve service, the committee sponsors a number of specific activities to encourage business support.

Woomera Consultative Committee

The committee advises the Department of Defence on matters relating to the management of Woomera and includes representatives from the Department of Defence, the United States Air Force and the Woomera Board, which comprises appointed and elected residents of Woomera.

Shoalwater Bay Training Area Environmental Advisory Committee

The committee provides advice on environmental matters relating to the Shoalwater Bay Training Area, and includes representatives from the Department of Defence and local community and business organisations.

CATEGORIES OF DOCUMENTS MAINTAINED

Documents Available as Part of a Public Register and Subject to a Fee or Other Charge

- Oceanographic data (copies of original survey documents, and hydrographic and oceanographic data held by the Navy on computer file).

Documents Available for Purchase by the Public

- Aeronautical information (Annual Flying Safety Calendar); aeronautical maps and charts; supplements and planning documents; aerial photographs.
- Defence cataloguing handbooks and information.
- Defence Annual Report, Defence Corporate Plan, the Defence Portfolio and Additional Estimates Statements (and other Departmental material are on sale through the Australian Government Publishing Service).
- Draft and final Environmental Impact Statements (held by Defence Estate Program).
- Commercial Support Program Manual.
- journals and magazines published by Service Colleges and schools.
- Service newspapers (both the RAAF and RAN News may be bought individually or by annual subscription and the Army News by annual subscription).
- tide tables (Australian national tide tables; navigational charts and publications, available for purchase either through appointed chart agents or direct from the Hydrographic Office in Wollongong by mail order).

Documents Free of Charge to the Public upon Request

The Department holds a wide range of such material including, for instance, information on or in the nature of:

- academic calendars and prospectuses (for the Service colleges);
- the Defence Force Journal;
- information about the Defence Force Retirement and Death Benefits Scheme and the Military Superannuation and Benefits Scheme;
- Defence Science and Technology Organisation information and activities brochures and booklets, research news and industry brief newsletters, selected technical reports, technical and research press releases, videos on projects and lectures given to professional and public institutions;
- flying and ground safety (the Air Force makes magazines on these subjects available to some professional organisations);
- a range of pamphlets and booklets, produced by Emergency Management Australia for distribution through state and territory emergency services, on natural and man-made disasters and civil defence as well as training manuals, films and cassettes. Both Emergency Management Australia's headquarters and the Australian Emergency Management Institute maintain film and cassette libraries for use by schools and colleges. Particulars of courses, notes for trainers, course handouts and proceedings of seminars are also available from the institute;
- notices to mariners (the Navy issues such notices, which contain hydrographic advice to correct navigational charts and documents and detailed information of exercises and firings);
- Defence Community Organisation booklets and brochures;

- recruitment pamphlets, brochures and video media, the 'Career Explorer' computer software program on ADF career options, and Internet home page on ADF career options.
- organisational material (functional statements, organisation charts and duty statements);
- procurement and Defence industry issues;
- public relations materials;
- transcripts of public seminars conducted by the Department;
- speeches by the Ministers; and
- technical material (including technical details of obsolete and selected current equipment; unclassified technical reports and Defence (Australia) Standards).

Other Documents

The Department maintains records in various forms and locations relating to the functions of the Defence organisation. Records are retained for varying periods, depending on their administrative and historical value, and are disposed of in accordance with standards and practices approved by Australian Archives. Some particular categories of documents held are:

- arrangements with other Commonwealth agencies and with state and territory governments and agencies;
- accounting records;
- Cabinet documents (including submissions and promulgation of decisions);
- committee records;
- conditions of service (including documents relating to compensation other than personal injury and financial conditions relating to overseas service);
- contractual documents, requests for tender documents and industry study reports;
- Departmental instructions, circulars and reference books;
- guidelines held in electronic form by the Directorate of Classified Archival Records Review which are used in determining which matter, if any, contained in classified Defence archival records is exempt under sections 33(1)(a) and (b) of the *Archives Act 1983* from public access. New guidelines are created, or existing ones revised or abolished, progressively, as the need arises;
- industrial matters (including agenda and minutes of meetings of various industrial committees and councils, and occupational safety and health committees, and policy on industrial practices within the Department of Defence);
- intelligence reports;
- international agreements and arrangements held in a Register of Agreements;
- personal documentation (for example, recruitment-enlistment, selection for promotion documents and those of a medical and psychological nature);
- personnel documentation and records, including medical records;
- press cuttings;
- documents concerning quality assurance;
- technical publications (relating to maintenance of ADF materiel, and drawings, specifications and standards relating to ships, aircraft and other equipment in use); and
- working papers (internal working papers are maintained throughout the organisation on a wide range of policy, technical and administrative subjects).

FACILITIES FOR ACCESS TO DOCUMENTS

The following areas within the Department maintain access points at which information about their activities is available:

Australian Emergency Management Institute

The Director
Australian Emergency Management Institute
MACEDON VIC 3440
Tel: (Information Officer) (03) 5421 5234

Emergency Management Australia

Manager, International Decade for Natural Disaster Reduction
Emergency Management Australia
PO Box 1020
DICKSON ACT 2602
Tel: (02) 6266 5408

Defence Science and Technology Organisation

Manager
Corporate Communications
Defence Science and Technology Organisation
Department of Defence
CANBERRA ACT 2600
Tel: (02) 6265 7914

Public Affairs

Director General Public Affairs
Department of Defence
CANBERRA ACT 2600
Tel: (02) 6265 2999

Industry & Procurement Infrastructure

Director Planning and Coordination
Industry and Procurement Infrastructure Division
Department of Defence
CANBERRA ACT 2600
Tel: (02) 6266 3080

Defence Publishing

Director
Defence Publishing Agency
Department of Defence
CANBERRA ACT 2600
Tel: (02) 6265 6007

LIST OF DISCRETIONARY GRANTS

Table 3.4.1: List of Discretionary Grants

	<i>1997-98 Payments \$m</i>	<i>1998-99 Estimate \$m</i>	<i>1999-00 Estimate \$m</i>	<i>2000-01 Estimate \$m</i>	<i>2001-02 Estimate \$m</i>
Grant to the Royal United Services Institute of Australia	0.058	0.088	0.088	0.088	0.088
Australian Military History Research	0.051	0.100	0.100	0.100	0.100
Strategic and Defence Studies Centre, Australian National University	0.291	0.120			
Defence Family Support Program	1.091	1.250	1.250	1.250	1.250
Black Hawk Memorial Program	0.025				
Australian Red Cross	0.012				
Total	1.528	1.558	1.438	1.438	1.438

GRANT TO THE ROYAL UNITED SERVICES INSTITUTE OF AUSTRALIA

The grant to the institute was established in 1974 and provides assistance in publishing Defence articles in the institute's biennial journal and in sponsorship of lectures and seminars on strategic and national defence issues. The grant also provides assistance for maintaining a national secretariat.

AUSTRALIAN MILITARY HISTORY RESEARCH

The grant was established in 1993-94 to provide financial assistance for research into the role the Army has played in the development of the nation. The grant is administered by the Army History Directorate through the Army Military History Projects Committee.

Fifty-one research grants have been awarded in the last five years, varying in cost from \$500 to \$14,500. A complete list of individuals, amounts paid and research subjects is available upon request.

GRANT TO STRATEGIC AND DEFENCE STUDIES CENTRE, AUSTRALIAN NATIONAL UNIVERSITY

The purpose of the grant is to encourage independent research into, and analysis of, defence and security issues relevant to Australia; to increase public awareness of defence issues; and to provide a centre of expertise of value to Defence's own work in this area.

The current Memorandum of Understanding with the Strategic and Defence Studies Centre expired on 30 June 1998 and Defence is reviewing the merits of the grant as part of a broader review into Defence's support for independent research of strategic and defence issues. Based on the anticipated outcome of this review, it is proposed to extend the memorandum until early 1999 to cover commitments for the 1998 academic year. The funding proposed in 1998-99 reflects this proposal and the fact that the Masters program no longer operates. There is no funding proposed in 1999-2000 or beyond.

DEFENCE FAMILY SUPPORT PROGRAM

This program commenced in 1989-90, although 1997-98 was the first year that payments for the program were classified as a discretionary grant payment. The program provides funds to support projects and services initiated by Defence families. Grants are also available to existing groups in the community composed of, or benefiting, Defence families.

Approximately 850 individual groups or organisations have received funding in the past four years.

BLACK HAWK MEMORIAL

The grant provided financial assistance to the Black Hawk Memorial Fund for the construction of a memorial in Townsville for the 18 ADF personnel who lost their lives in the Black Hawk accident in June 1996.

AUSTRALIAN RED CROSS

The grant provided a contribution towards the cost of conducting the 1997 International Humanitarian Law Seminar, *The Changing Face of Conflict - How Effective is International Humanitarian Law*, run by the Australian Red Cross.

EXTERNAL CONSULTANTS

A 'consultancy' is a contract which is let for the investigation, review of evaluation (but not implementation) of policy, proposals or activities with a requirement:

- to provide information and advice on the development or refinement of Defence processes; or
- to assist Defence management in decision making.

The terms and conditions governing the relationship between the Commonwealth and the consultant are contained in the contract for the provision of those services.

Consultants are not used to overcome staff shortages or difficulties with average staffing levels. When contracting for a consultant, value for money considerations relate not only to cost, but to the experience and previously-demonstrated capabilities of the consultant; the location of the consultant and the associated travelling costs; the capacity of the consultant's locally-based resources to provide continuing services at levels likely to be required during the course of the engagement; and the consultant's professional standing and reputation.

In seeking value for money, external consultancy services are contracted for one or more of the following reasons:

- the need for specialised skills;
- rapid access to the latest technology and experience in its application;
- need for independent study;
- need for a change agent or facilitation.

In 1997-98, consultants were engaged by Defence in the following areas:

Communications	Recruitment/Selection
Computing	Research
Conducting Surveys	Review/Advisory
Environment/Ecology	Reviewing Tenders
Facilities and property	Scientific
Health/Fitness	Scribe Services
Legal/Accounting	Teaching/Lecturing/Training
Manpower and Conditions	Technical/Engineering
Public Relations/Photographic	

The table below summarises Defence use of consultancies on a Program basis for 1997-98. For a more detailed breakdown of consultancies, please refer to *Information Available On Request* in the Index to this report.

Table 3.5.1: Summary of Consultancies by Program – 1997-98

<i>Program</i>	<i>Number of consultancies</i>	<i>Expenditure in 1997-98</i> \$
Defence Headquarters	13	180,622
Navy	10	2,535,856
Army	15	193,167
Air Force	10	107,738
Intelligence	4	45,176
Support Command	31	1,797,872
Joint Education and Training	5	116,489
Defence Personnel Executive	24	964,585
Acquisition	19	1,251,446
Science and Technology	26	633,240
Defence Estate	62	1,074,521
Corporate Information	7	379,639
Defence Corporate Support	14	270,101
Finance and Inspector-General	12	368,306
Total	252	9,918,758

Note:

The above table summarises all individual consultancies valued at over \$2,000.

ADVERTISING AND MARKET RESEARCH

The table below provides details of expenditure by Program on advertising agencies, market research organisations, media advertising organisations and direct mail organisations. For a breakdown of individual amounts, please refer to *Information Available On Request* in the Index to this report. This information is published under reporting requirements in the *Commonwealth Electoral Act 1918*.

Table 3.6.1: Advertising and Market Research Expenditure by Program – 1997-98

<i>Program</i>	<i>Expenditure in 1997-98</i>
	\$
Defence Headquarters	8,238
Navy	31,171
Army	20,342
Air Force	39,517
Support Command	139,214
Joint Education and Training	25,238
Defence Personnel Executive	13,243,532
Acquisition	134,797
Science and Technology	469,428
Defence Estate	39,153
Defence Corporate Support	424,103
Finance and Inspector-General	14,103
Total	14,588,836

ANNUAL REPORT ON THE ADMINISTRATION AND OPERATION OF THE *DEFENCE FORCE (HOME LOANS ASSISTANCE) ACT 1990*

LEGISLATION

The Defence HomeOwner Scheme is covered by the *Defence Force (Home Loans Assistance) Act 1990*. Section 39 of the Act requires that an annual report be prepared for the Minister on the administration and operation of the Act. The annual report is set out below.

DESCRIPTION

Defence HomeOwner is a Commonwealth-subsidised home-loan scheme for members of the Australian Defence Force (ADF). The scheme is open to Service members who enlisted on or after 15 May 1985 and to those members who enlisted earlier and elected, between 1 March and 31 August 1991, to revoke their entitlement under the Defence Service Homes Scheme in favour of a Defence HomeOwner entitlement.

The Government enacted legislation to improve the scheme in November 1996. The improvements were:

- doubling the maximum subsidised loan to \$80,000;
- reducing the eligibility period for a subsidised loan from six to five years; and
- making subsidised loans available to active reservists after a qualifying period of eight years' effective service.

The Defence Housing Authority administers the scheme for the Department of Defence. The benefits are provided under an agreement between the National Australia Bank and the Commonwealth. Under the scheme, the Commonwealth assesses eligibility and entitlement and provides monthly interest subsidies on loans made by the National Australia Bank.

The maximum loan to be subsidised is \$80,000 and the minimum is \$10,000. Spouses who are both members of the ADF can apply for a combined subsidised loan of up to \$160,000. The monthly subsidy amount is 40% of the average monthly interest to be paid over the life of a 25 year loan term. The interest rate subsidy is determined month-by-month using a benchmark interest rate based on the prevailing market interest rates.

Providing a person has a period of entitlement, the subsidised loans are portable from one home to another during service, as often as is required, and once within two years of the date of separation from the ADF.

SUBSIDY ENTITLEMENT

Generally, the subsidy-entitlement period is calculated on the number of completed years of effective full-time service after completion of a five-year qualifying period to a maximum of 20 years. The qualifying period for active reservists is eight years' effective service.

For members with operational or war-like service, the five year qualifying period is waived and there are additional benefits.

There are special considerations for members discharged as a result of a compensable disability, re-joining members, ex-members and widows or widowers of deceased eligible persons.

The benchmark interest rate fell progressively over the reporting period from 7.55% pa in July 1997 to 6.7 % pa in June 1998.

PROCESSING ACTIVITY

As a result of the changes made to the scheme in November 1996, there was a very substantial increase in processing activity.

Intending Defence HomeOwner applicants are encouraged to have their entitlement established, before applying for a loan, by applying for an Entitlement Certificate. During 1997-98 1,938 applications were received (representing a 229% increase over the number of applications lodged in 1995-96) and 1,809 Entitlement Certificates were issued.

When applying for a subsidised loan, the applicants also submit an Application for Payment of Subsidy. During 1997-98 1,415 such applications were received, of which 1,390 were approved. Subsidy payments commence once the loan is settled. There was a total of 3,132 subsidy recipients as at 30 June 1998.

During the reporting period, four appeals were lodged with the Administrative Appeals Tribunal against decisions made by the delegate.

OBJECTIVES

The objectives of the Defence HomeOwner Scheme are:

- to attract and retain ADF personnel;
- to encourage home ownership during service as a cost effective alternative to rental assistance; and
- to assist in the reintegration of ADF personnel into the community on return to civilian employment.

These objectives are achieved through:

- the provision of a subsidised home loan for a period which is directly related to the member's length of service;
- bringing home ownership within the reach of more members; and
- the provision of a subsidised loan once within two years of separation from the ADF.

PERFORMANCE EVALUATION OF THE ADMINISTRATION

Defence continues to be very satisfied with the administration of the scheme by the Defence Housing Authority. After eight years of operation, the scheme is starting to show growth, due mainly to the increase in the value of the loan and its extension to the reserves. There have been no formal client complaints on the administration of the scheme.

The National Australia Bank is meeting its obligations to the Commonwealth under the agreement with only minor administrative issues due for review.

Table 3.7.1 Comparison of Activities

<i>Activity</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>
Applications for Entitlement Certificate received	931	847	2,158	1,938
Entitlement Certificate issued ⁽¹⁾	784	765	1,928	1,809
Applications for Entitlement Certificate declined/withdrawn	140	93	177	155
Applications for Payment of Subsidy received	528	424	1,328	1,415
Applications for Payment of Subsidy approved	520	417	1,274	1,390
Applications for Payment of Subsidy declined	10	7	26	17
Amount of Commonwealth subsidy paid	\$1,330,758	\$1,820,066	\$2,062,627	\$2,970,289
Number of Subsidy payees as at 30 June	1,524	1,828	2,280	3,132

Note:

- Entitlement Certificates are valid for 12 months. The significant increase in certificates issued in 1996-97 will not have an immediate effect on the number of subsidy payees. 470 Entitlement Certificates were issued to Reservists.

OPERATIONAL COSTS – 1997-98

An annual management fee of \$390,975 was paid to the Defence Housing Authority by the Department of Defence. The authority was also paid a fee in respect of each application for Entitlement Certificate lodged. This totalled \$132,670.

Table 3.7.2: Applications for Entitlement Certificates by Type of Assistance

<i>Activity</i>	<i>1993-94</i>	<i>1994-95</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>
Buy a home	586	553	542	1,094	1,157
Re-finance a loan	200	237	181	800	492
Enlarge a home	7	4	2	16	12
Build a home	159	130	106	223	249
Renovate a home	6	7	16	25	28