

The Auditor-General  
Audit Report No.38 2001-02  
Performance Audit

# **Management of Australian Defence Force Deployments to East Timor**

**Department of Defence**

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of Australia 2002

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Canberra ACT  
19 March 2002



Dear Madam President  
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Department of Defence in accordance with the authority contained in the *Auditor-General Act 1997*. I present this report of this audit, and the accompanying brochure, to the Parliament. The report is titled *Management of Australian Defence Force Deployments to East Timor*.

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian McPhee'.

Ian McPhee  
Acting Auditor-General

The Honourable the President of the Senate  
The Honourable the Speaker of the House of Representatives  
Parliament House  
Canberra ACT

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# Abbreviations

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ADF	Australian Defence Force
ADFP	Australian Defence Force Publication
ADHQ	Australian Defence Headquarters
ANAO	Australian National Audit Office
AQIS	Australian Quarantine Inspection Service
ASNCE	Australian National Command Element
ASP 97	Australia's Strategic Policy 1997
C2	Command and Control
CDF	Chief of the Defence Force
CFO	Chief Finance Officer
CJLOG	Commander Joint Logistics
COE	Contingent Owned Equipment
COMASC	Commander Australian Contingent
COMAST	Commander Australian Theatre
COMINTERFET	Commander International Force in East Timor
COSC	Chiefs of Staff Committee
CVS	Cargo Visibility System
DFAT	Department of Foreign Affairs and Trade
DJFHQ	Deployable Joint Force Headquarters
DMO	Defence Materiel Organisation
DNSDC	Defence National Storage and Distribution Centre
DPE	Defence Personnel Executive
EO	Explosive Ordnance
FLS	Force Logistics Squadron
FSG	Force Support Group
INTERFET	International Force in East Timor
HQAST	Headquarters Australian Theatre
HQNORCOM	Headquarters Northern Command
JLC	Joint Logistics Command

JLU (N)	Joint Logistics Unit North
LNIDS	Lotus Notes Interim Demand System
LOGCC	Logistics Component Commander
MoU	Memorandum of Understanding
NATCOMD	national command
NIC	not in catalogue
NT	Northern Territory
NWCC	National Welfare Coordination Centre
PKF	Peacekeeping Force
PMKEYS	Personnel Management Key Solution
RAR	Royal Australian Regiment
RDD	Required Delivery Date
SC	Strategic Command
SDSS	Standard Defence Supply System
UD	unauthorised discharge
UN	United Nations
UNTAET	United Nations Transitional Administration in East Timor
VCDF	Vice Chief of the Defence Force

# Summary

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## Background

1. Indonesia and Portugal agreed in May 1999 that a proposal for autonomy would be put to the East Timorese people. Despite violence in East Timor in the lead-up to a ballot on the proposal, the ballot was successfully conducted on 30 August 1999. Rejection of the proposal by the East Timorese people was followed by a significant deterioration in the security situation in East Timor. Indonesia agreed in September 1999 to allow a multinational force into East Timor. A United Nations Security Council resolution authorised an International Force in East Timor (INTERFET) with a mission to restore peace and security.
2. INTERFET was a peace-making mission with authority to use armed force if required. It was a *'coalition of the willing'*, in which member states of the UN agreed to participate in a coalition force under the authority of the United Nations and coalition leadership of Australia. The first INTERFET troops deployed on 20 September 1999.
3. At the peak of INTERFET, the coalition of 23 troop-contributing countries provided over 11 000 personnel. Australia provided the major contribution of 5700 personnel from the Australian Defence Force (ADF). This was the largest Australian military deployment since the Vietnam War. It was the first time that Australia was a central participant in forming and leading an international coalition force.
4. INTERFET completed its tasks on 23 February 2000 with a formal transfer of military command and control responsibility to the Headquarters UN Peacekeeping Force, part of the United Nations Transitional Administration in East Timor (UNTAET). Under its UN mandate, UNTAET provides security and maintains law and order in East Timor. UNTAET's military component has an allowed strength of up to 8950 troops and up to 200 military observers.
5. With the transfer of military command and control responsibility to Headquarters UN Peacekeeping Force, Australia's military presence in East Timor transitioned to become a national component of the UN force. The size of Australia's military deployment fell from a peak of 5700 at the end of November 1999 to about 1600 in 2001–02. Subject to the continuation of stable security conditions in East Timor, the UN military force is to be reduced by some 5000. The Australian reduction is expected to be in line with overall reductions to the UN military force in East Timor.

**6.** The audit objectives were to review Defence's planning and management of the ADF deployments to East Timor, with a view to identifying areas that could be improved in future deployments. The audit focused on planning for the deployments and the role of Australia as the lead nation in INTERFET; and financial, personnel, logistic and other systems used to deploy and sustain Australia's military presence in East Timor during INTERFET and UNTAET.

## Conclusion

**7.** The short time available for additional training and marshalling equipment and personnel for INTERFET left ADF personnel and units with capability deficiencies when they deployed to East Timor. Despite this, the three Services of the ADF and civilian and military planners performed their task to high professional standards. The Government regards INTERFET as a major achievement reflecting great credit on Defence personnel and on the overall quality of their training, equipment and preparation. Similarly, the Headquarters Peacekeeping Force UNTAET commented positively on the Australian deployment under UNTAET and the professional standards of Australian Defence personnel.

**8.** Defence planned for its operations in East Timor in accordance with the Government's requirements and responded speedily and effectively to the need to deploy. Defence estimates that the ADF deployments cost \$1.4 billion in the period from September 1999 to 30 June 2001. Defence's financial planning and its arrangements for funding the INTERFET deployment were delayed by lack of relevant expertise, uncertainty about responsibilities and inadequate costing systems.

**9.** The operational transition from INTERFET to UNTAET was well planned, with an innovative approach and an effective hand-over. In contrast, reaching formal agreement with the UN on the Australian personnel and equipment contributions to UNTAET has been protracted. Satisfactory arrangements on matters such as verification procedures and documentation still need to be made if Australia is to obtain the maximum available reimbursements from the UN.

**10.** When the East Timor crisis developed, Defence's logistic structures, systems and processes did not prove suitable to support the military deployments. New logistic structures and significant changes to systems and processes had to be put in place. This led to uncertainty about responsibilities and authority for decisions, doubts about the reliability of the logistic system to deliver, and duplication of effort at a time when resources were at a premium.

11. In the two years since the initial deployment, the logistic structures and systems used in support of the deployments have been improved and bedded down. However, delays in meeting demands and in maintenance work have persisted. Many of the logistics deficiencies had been apparent in earlier offshore deployments. Defence accepts that it needs to develop a responsive and effective logistic system with stamina to sustain operations.

## Key Findings

### ***Planning for INTERFET (Chapter 2)***

12. The arrangements put in place in 1999, nationally and in Defence, to manage Australia's responses to developments in East Timor ensured that a range of objectives and interests were balanced. Crisis management mechanisms were tailored to the requirements of the crisis. They were flexible and provided an adequate machinery for relevant departments and agencies to provide input into decision-making, as well as allowing decision-makers access to a satisfactory range and breadth of information and expertise.

13. Defence planning for operations in East Timor was carried out in accordance with the Government's requirements. Defence responded speedily and effectively within the parameters set by Government and the international context. However, financial planning and arrangements for funding of the INTERFET deployment were delayed, disclosing a need for relevant expertise and adequate costing systems.

### ***Transition from INTERFET to UNTAET (Chapter 3)***

14. The operational transition from INTERFET to UNTAET was well planned, with an innovative approach and the hand-over was well managed and effective on the ground.

15. Reaching formal agreement with the UN on the Australian personnel and equipment contributions to UNTAET has been protracted. It took about 18 months from the date of transition from INTERFET to UNTAET.

16. At the time of the audit, satisfactory arrangements on matters such as verification procedures and documentation for Australian equipment and personnel contributions had not been made. By October 2001 Australia had received less than half of the maximum available reimbursements under the provisions of the Memorandum of Understanding with the UN, for the period February 2000 to February 2001. Verification of the number of equipment items and their serviceability loomed as a significant problem in the reimbursement system and in relationship management between the UN and the Australian contingent in East Timor.

17. The maximum annual UN reimbursements obtainable under current arrangements in respect of the Australian military personnel and equipment contributions to UNTAET constitute about 12 per cent of the estimated cost of annual operating expenses for those deployments. However, without accurate equipment costing data, Defence cannot assess whether the UN rates for reimbursement are appropriate for Australia. Defence needs to have reliable systems for costing its operations and for assessing the amount of any budget supplementation needed from government for the costs of deployments.

18. Defence expertise in UN peace-keeping funding arrangements and in negotiating positive outcomes rests with a handful of people in Defence. At the time of the audit, Defence had no strategy relating to the longer-term retention of that expertise. Retention of the expertise would be in line with the Government's strategic guidance, which now gives greater priority than in the past to Defence preparations for international peace-keeping operations. Retention and use of this expertise would also be likely to produce a beneficial outcome for Australia financially, through best use of UN rules for cost reimbursement and better procedures for verification and claims.

#### ***Logistics (Chapter 4)***

19. The deployments to East Timor occurred after more than a decade of Defence peacetime reform and rationalisation that had brought about significant reductions in logistics personnel in the ADF. The deployments highlighted ADF limitations in critical logistics skill areas, such as sea and air terminal operators.

20. Systemic logistic and strategic movement weaknesses had been identified, but not rectified, in previous ADF deployments such as those to Somalia and Papua New Guinea. When the East Timor crisis developed, Defence's logistic structures did not prove suitable to support the military deployments. New logistic structures and significant changes to systems and processes had to be put in place. The creation of new structures, systems and processes created uncertainty in authority of decisions and responsibility, doubts about the reliability of the logistic system to deliver, and duplication of effort at a time when resources were at a premium.

21. Nonetheless, from the beginning of INTERFET, the ADF's logistic support managed to meet the highest order priority logistic requirements of the deployed force. This was achieved by drawing on allied and commercial logistic support; pushing only the highest priority supplies into the operational theatre; relying on the good judgement of operational and logistic commanders in setting priorities; and using improvised arrangements such as tankers on barges for ship-to-shore transfer of fuel. Elements of the normal logistic system, such as

the Cargo Visibility System, at the height of demand were in abeyance because they were not suitable for intense activity. Improvisation did work, but tended to be labour-intensive and slow.

22. In the two years since the initial deployment to East Timor, the logistic structures and systems used in support of the deployments have been improved and bedded down to provide a level of logistic support that is adequate for the comparatively low intensity East Timor operations. Operators have now been trained to use the deployed logistic systems.

23. At the time of the audit, military commanders praised the efforts made by logistic personnel in seeking to meet the logistic requirements of the deployment. Commanders had confidence in the ability of the logistics system to meet expected levels of military activity in the area of operation.

24. However, delays in the supply of materiel and the maintenance of equipment have persisted since the initial deployment to East Timor, with problems such as demands not being met by the required date and delays in the maintenance of materiel because of shortage of maintenance personnel and delays in parts.

### ***Operational Performance, Personnel and Miscellaneous Matters (Chapter 5)***

25. Post-operation reports of the INTERFET deployment indicate that the short time available for additional training and marshalling equipment and personnel left Defence personnel and units with capability deficiencies. Despite this, commanders' reports and field records show that the three Services and civilian and military planners performed their tasks to high professional standards. Government comments on Defence's performance in East Timor are positive.

26. Defence's professionalism was demonstrated during the INTERFET deployment by the troops and leaders who responded well in conflict situations, with firmness, dissuasion and persuasion and a measured response to provocation.

27. Professional attitudes were also demonstrated in the capacity of ADF personnel in East Timor to improvise and work long hours in relatively primitive, uncomfortable and sometimes dangerous conditions (at their most trying at the beginning of the deployments).

28. In respect of the Australian deployments under arrangements with UNTAET, advice obtained from the Headquarters Peacekeeping Force UNTAET was very positive. The work of the Australian contingent and the professional

standards of ADF personnel were held in high regard by UNTAET personnel.

**29.** The audit identified a number of matters relating to personnel tracking, deployment of under 18-year old personnel into areas of hostility, training, retention of personnel and media and public affairs for attention by Defence. These are summarised below as lessons to be learnt.

## Lessons to be Learnt

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30. Defence has undertaken numerous reviews of the East Timor deployments and identified lessons to be learnt. The following are the main lessons to be learnt that emerge from this audit report, which has taken into account relevant reviews done by Defence.

### ***Planning for the International Force in East Timor (INTERFET) (Chapter 2) and Transition from INTERFET to UNTAET (Chapter 3)***

31. Problems encountered in establishing the financial framework for the military deployments in East Timor show the need for Defence to have readily available expertise on UN peace-keeping financial policies, systems and processes; clear division of responsibility among its organisational elements for implementation of financial management arrangements; and reliable costing systems.

### ***Logistics (Chapter 4)***

32. The need for a responsive and effective logistic system with stamina to sustain military operations is accepted within Defence. Defence will need to assess how well the logistic systems, processes and structures in place meet the military planning requirements set by government's strategic guidance.

33. Experience in East Timor showed that the early practical planning input of logisticians is just as important as strategy and tactics in ensuring success in military operations. The need for logistics staff to be involved in planning for deployment and sustainment of ADF personnel should be recognised early in future. Logistics and movement staff need to be included early in the planning information loop.

34. Work being carried out in reviewing ADF stockholdings in deployable units and national storage centres needs to reach a conclusion. Significant effort is still required to establish a practicable Defence stockholding policy to guide that work.

35. Logistic support to military deployments to East Timor highlighted the need for Defence to ensure that it avails itself of the civil/Defence networks established in the geographic areas supporting military operations and makes good use of local capabilities and resources.

## ***Operational Performance, Personnel and Miscellaneous Matters (Chapter 5)***

**36.** Defence needs to be able to track and maintain records of its personnel going into and out of areas of operation. The systems in place relied on time-consuming processes of manual entries and reconciliation. Defence needs an effective and efficient system for recording the movement of personnel into an area of operation, and a clear strategy on how to establish such a system.

**37.** In the deployments to East Timor, there were four instances of under 18-year old personnel being sent there despite Defence's instructions intended to prevent that from occurring. Military postings can arise at short notice, creating a need to deploy units and individual personnel, with little time to establish administrative procedures. To help prevent any ADF personnel under 18 years of age being posted into areas of hostility, their personnel and posting papers could be clearly marked to exclude them from such postings.

**38.** During the deployments there were 117 unauthorised discharges of weapons, mainly as a result of incorrect drills, by Australian troops in East Timor. There was a decline in the rate of unauthorised discharges after the first month of INTERFET, which is consistent with trends in previous ADF deployments. Defence should continue to seek to minimise the incidence of such discharges and examine the feasibility of issuing blank ammunition to enhance the realism of pre-deployment training.

**39.** For the INTERFET deployments, ADF units had limited preparation time, particularly when they had to be reinforced from other units to achieve the structures and numbers of personnel suitable for the intended deployment. In respect of individual battle fitness, personnel sent into deploying units from other elements needed further physical training. Physical fitness testing should be standardised and rigorous.

**40.** Some deploying troops noted the need for financial training, and skills in negotiating and managing contracts. There was also a need for cultural awareness and language training and the training material to acquire the requisite knowledge and skills.

**41.** Defence accepted the need to actively manage the retention of ADF members with East Timor experience. But measures taken so far do not amount to the comprehensive strategy and action required if Defence is to be actively managing the retention of personnel who served in East Timor. This needs to be part of a comprehensive strategy on recruitment and retention to address long-standing issues in this area. (The ANAO notes advice from Defence in February 2002 that it now appears that earlier concerns with regard to retention of personnel returning from East Timor were unfounded, and that separation

rates appeared to be gradually declining. Defence also advised that it had prepared a Defence People Plan as a comprehensive overarching personnel strategy.)

**42.** Lack of compliance by deploying personnel with medical preparedness requirements has been attributed by Defence to the absence of a standardised mechanism to ensure compliance with vaccination requirements. The incidence of ADF cases of dengue fever and malaria reported in East Timor has declined since a peak in January 2000. Defence advised the ANAO in February 2002 that, between 1999 and 2001, there were 362 notifications to the Central Malaria Register of diagnosis of malaria after a member's return to Australia from East Timor. An additional 65 cases were reported in East Timor.

**43.** Shortages of medical specialists to fill vacancies in East Timor need to be addressed before they emerge as a greater problem in higher-level conflict. Accelerated induction into the reserves for medical specialists may assist in overcoming the shortage.

**44.** At the time of the East Timor crisis, Defence did not have a strategic public affairs plan, nor were its public affairs personnel trained or prepared for operational deployment. A proposed Defence public affairs doctrine, with a strategic public affairs plan, would help ensure that its public affairs personnel are prepared for operations.



# **Audit Findings and Conclusions**



# 1. Introduction

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*This chapter provides background information on Australia's military deployments to East Timor, sets out the audit objectives and illustrates the report structure.*

## Background

**1.1** On 27 January 1999 the Indonesian Government announced a plan for special autonomy for East Timor and the possibility that it be granted independence if autonomy was not acceptable to the East Timorese people. An agreement was signed on 5 May 1999 between Indonesia and Portugal for a special autonomy proposal to be put to the East Timorese people. Under the agreement, Indonesia was responsible for security in East Timor and ensuring that consultation with the East Timorese people would be fair and peaceful.

**1.2** United Nations Security Council Resolution 1246 (1999), passed on 11 June 1999, provided the mandate for a United Nations Mission in East Timor to organise and conduct a ballot to carry out the above-mentioned consultation.

**1.3** Despite pre-ballot violence in East Timor, the ballot was successfully conducted on 30 August 1999. The result (78.5 per cent of voters rejecting the autonomy proposal) was announced on 4 September. The announcement of the ballot result was followed by a significant deterioration in the security situation in East Timor. By early September 1999 international pressure for an international peace-keeping<sup>1</sup> force to be allowed into East Timor had grown. On 6 September, in response to a request from the United Nations, Australia agreed to lead a multinational force in East Timor and offered to make 2000 troops available to deploy at short notice. Indonesia agreed on 14 September to allow a multinational force into East Timor.

**1.4** The Australian military deployments to East Timor comprised leadership of, and an Australian force contribution to, the International Force in East Timor (INTERFET) from 20 September 1999 to 23 February 2000 and, subsequently, an Australian military presence under arrangements with the United Nations Transitional Administration in East Timor (UNTAET). Management of the deployments has been a major ongoing task for Defence since 1999.<sup>2</sup>

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<sup>1</sup> Both INTERFET and UNTAET had a mandate under Chapter 7 (Action with respect to threats to the peace, breaches of the peace, and acts of aggression) of the UN Charter. This audit report uses the term peace-keeping in a broad sense which includes peace-making. An exception applies when there is a need in the interest of clarity to emphasise the use of armed force implicit in peace-making.

<sup>2</sup> Defence comprises the Department of Defence and the Australian Defence Force (ADF). The ADF consists of the Royal Australian Navy, the Australian Army and the Royal Australian Air Force.

## ***INTERFET***

**1.5** On 15 September 1999 the United Nations Security Council passed Resolution 1264 (1999), authorising the establishment of a multinational force titled INTERFET with a mission to restore peace and security in East Timor. Nations participating in the force were authorised to *'take all necessary measures to fulfil'* its mandate.

**1.6** Given the security situation prevailing in East Timor in September 1999, INTERFET was a peace-making mission with authority to use armed force if required to achieve its mandate. It was a *'coalition of the willing'*, in which member states of the UN agreed to participate in a coalition force under the authority of the United Nations and coalition leadership of Australia. Its head, Commander INTERFET, had a directive to report to the Australian Government and the United Nations through Australia's Chief of the Defence Force.

**1.7** Participating nations in the coalition force, in principle, funded their own contributions to the force. However, a UN Trust Fund was set up to assist developing countries to meet their costs to the extent of reimbursement which would have been provided under a UN-funded peace-keeping mission. In addition, Australia made a number of commitments to carry costs of participation for some countries if those costs would not be paid from the UN Trust Fund.

**1.8** On 20 September 1999 the first INTERFET troops deployed in East Timor. At the peak of INTERFET, the coalition of 23 troop-contributing countries provided over 11 000 personnel. Australia provided the major contribution of 5700 personnel. This was the largest Australian military deployment since the Vietnam War. It was the first time that Australia was a central participant in forming and leading an international coalition force. INTERFET completed its tasks on 23 February 2000 with a formal transfer of all military command and control responsibility to the Headquarters UN Peacekeeping Force.

## ***Transition to UNTAET***

**1.9** Australia's planning for INTERFET from the beginning assumed a change-over in early 2000 from an Australian led international force to a UN peace-keeping force. United Nations Security Council Resolution 1272 of 25 October 1999 constitutes the international legal basis for UNTAET. UNTAET's mandate includes providing for security and maintaining law and order in East Timor. UNTAET has a military component with an allowed strength of up to 8950 troops and up to 200 military observers.

**1.10** Responsibility for military command and control was passed from INTERFET to Headquarters of the UN Peacekeeping Force on 23 February 2000.

From that point, Australia's military presence transitioned to become a national component of the UN force. As part of the UN force, Australia is entitled to reimbursement of personnel and equipment costs.

**1.11** The size of Australia's military deployment fell from a peak of 5700<sup>3</sup> at the end of November 1999 to about 1600 in 2001–02. Subject to the continuation of prevailing stable security conditions in East Timor, the UN military force is to be reduced by some 5000<sup>4</sup>. The ANAO understands that the Australian reduction is expected to be in line with overall reductions to the UN military force in East Timor. The Defence Portfolio Budget Statements 2001–02 indicate that Defence planned for an end to that ADF commitment in 2003.<sup>5</sup> Defence advised the ANAO that there is no planned end-date for the deployment and that the withdrawal of ADF personnel from East Timor is a decision for Government, not Defence, and will depend on a number of intangibles (most notably the security situation in East Timor at the time and the progress of UN planning).

## Cost of Australia's deployments

**1.12** Government directed that the Defence budget was to be supplemented for the net additional accrual costs of the East Timor deployments. The cost to Australia of the East Timor deployments comprise *deployment* costs and *mobilisation* costs. From information received from Defence, the ANAO concludes broadly that:

- mobilisation costs are the force generation costs in Australia (operating and capital) caused by the increase in the size and rate of effort of the ADF to meet the requirements of the East Timor deployments, including rotation of troops; and
- deployment costs are the costs incurred in deploying troops outside Australia, including the costs of concentrating and moving those troops in Australia.

**1.13** Defence advised the ANAO that mobilisation costs, more often than not, were mission specific and any separation from deployment costs would be blurred. The functional attribution of costs was being addressed by Defence's East Timor Force Generation Working Group.

**1.14** The estimated costs of the East Timor deployments are set out in Table 1 and discussed in Chapters 2 and 3.

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<sup>3</sup> 5005 Army, 273 Navy, 422 Air Force.

<sup>4</sup> United Nations Security Council, *Report of the Secretary-General on the United Nations Transitional Administration in East Timor*, 18 October 2001.

<sup>5</sup> *Portfolio Budget Statements 2001-02, Defence Portfolio*, Budget Related Paper Nos.1.4A and 1.4C, p. 27.

**Table 1**

**Estimated accrual costs of ADF deployments to East Timor**

Type of Expenditure	1999–2000 (\$million)	2000–2001 (\$million)
Operating Expenditure (total)	527.6	658.4
- Mobilisation	97.9	335.0
- Deployment	429.7	323.4
Capital Expenditure (total)	70.4	123.6
- Mobilisation	0	89.1
- Deployment	70.4	34.4
Capital Use Charge (total)	9.4	16.6
- Mobilisation	2.8	4.0
- Deployment	6.7	12.6
Total cost of outputs	607.5	798.5
- Mobilisation	100.8	428.1
- Deployment	506.8	370.4

Source: Table compiled by the ANAO from information provided by Defence. Rounded figures have been used.

## The audit

**1.15** The audit objectives were to review Defence’s planning and management of the ADF deployments to East Timor, with a view to identifying areas that could be improved in future deployments. The audit focused on:

- planning for the deployments and the role of Australia as the lead nation in INTERFET; and
- financial, personnel, logistic and other support systems, practices and procedures used to deploy and sustain Australia’s military presence in East Timor during INTERFET and UNTAET.

**1.16** Audit criteria were developed to address the areas of crisis management, coalition management, military planning, command and control arrangements, logistic support, financial and personnel planning and administration.

**1.17** The audit commenced as a preliminary study in March 2001. Audit field work was carried out at:

- Australian Defence Headquarters, Canberra and Darwin;

- Navy and Army Headquarters, Canberra;
- Defence Personnel Executive, Canberra;
- Defence Science and Technology Organisation, Canberra;
- Joint Logistics Command (JLC), Melbourne;
- Headquarters Australian Theatre, Sydney;
- Land Headquarters, Sydney;
- Headquarters Northern Command and Defence Materiel Organisation (DMO), Darwin;
- Deployable Joint Force Headquarters, Enoggera, QLD; and
- Australian National Command Element (ASNCE), East Timor.

**1.18** The audit work included consultations with the Departments of Foreign Affairs and Trade and Prime Minister and Cabinet, as well as Headquarters Peacekeeping Force, United Nations Transitional Administration in East Timor. The audit work took into account a recent report on the New Zealand Defence Force deployment to East Timor.<sup>6</sup>

**1.19** The proposed report of the audit was provided to the Department of Defence in January 2002, and copies were provided to the Department of the Prime Minister and Cabinet, the Department of Foreign Affairs and Trade and UNTAET. The audit report was completed having regard to comments received. The audit was conducted in conformance with the ANAO Auditing Standards and cost \$319 000.

**1.20** The ANAO acknowledges the valuable assistance received during the audit from Defence managers and staff, particularly in the Australian Defence Headquarters, HQ Australian Theatre, Land Headquarters, HQ Northern Command, DMO, JLC and the Australian Forces deployed in East Timor. ADF personnel deployed in East Timor ensured that the audit team had a safe and productive visit and provided an opportunity to obtain valuable insights into the challenges faced in the theatre of operation.

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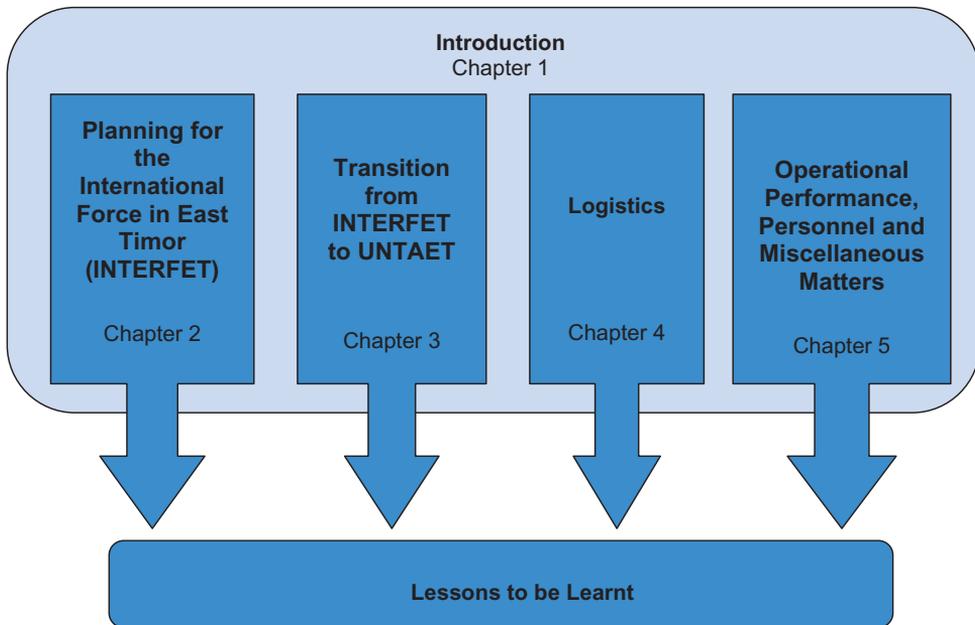
<sup>6</sup> Controller and Auditor-General of New Zealand, *New Zealand Defence Force: Deployment to East Timor*, November 2001.

## Report structure

1.21 The structure of the report is shown in Figure 1.

*Figure 1*

Report structure



## 2. Planning for the International Force in East Timor (INTERFET)

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*This chapter describes the international developments leading to the military deployment to East Timor, the crisis management machinery put in place nationally and in Defence to manage Australia's responses to those developments and the planning carried out by Defence for the INTERFET deployment.*

### Strategic guidance

**2.1** The Defence mission in 1999 was to prevent or defeat the use of armed force against our country or its interests. The mission had two dimensions, namely the development and maintenance of military capabilities to defeat the use of armed force against Australia or its interests, and the promotion of a regional and global security environment which enhances Australia's security. The ADF was to be able to react to emerging contingencies and offer a viable defence of Australia while also being capable of operating in conjunction with allies and neighbours.<sup>7</sup> There was no requirement for the ADF to be able to form or lead an international peace-keeping coalition force.

**2.2** Strategic guidance at the time, laid down by the Government in 1997 in *Australia's Strategic Policy (ASP 97)*, required the ADF to develop capabilities to defeat attacks against Australia, and to provide substantial capabilities to defend Australia's regional strategic interests. In terms of the Government's priorities for operational interoperability with other countries, ASP 97 gave highest priorities to the United States, then New Zealand, then the countries comprising the Association of South East Asian Nations. Little reason was seen to invest in interoperability with countries beyond Southeast Asia.

### Developments towards clear military requirements

**2.3** Following the announcement by the Indonesian Government on 27 January 1999 of its proposal for special autonomy for East Timor and the possibility that it be granted independence if autonomy was not acceptable to the East Timorese people, Defence, by early February 1999, had developed a range of military strategic response options. The ADF was to be prepared to:

- help to ensure the safety of Australians and other nationals in East Timor;
- assist in providing humanitarian aid;

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<sup>7</sup> *Portfolio Budget Statements 1999–2000*, Defence Portfolio, Budget related Paper No.1.4A p. 2.

- conduct peace operations in support of the UN or a coalition; and
- manage refugee contingencies.

**2.4** A Chief of the Defence Force (CDF) Warning Order issued in Defence on 5 February 1999 stated the possibility that the ADF ‘*may become involved in either multilateral or a limited range of unilateral operations, such as evacuations.*’ It was assessed that peace-keeping operations in East Timor ‘*may be conducted in a high-risk environment resulting in ADF casualties*’ and that they had potential to be protracted. The ADF was to be prepared if Australia was approached to take the lead in a multilateral operation.

**2.5** Defence could not provide evidence that formal planning for such a role began until later in 1999. Defence advised the ANAO that the basis for Defence to begin (detailed) planning in early and mid-1999 to lead an international coalition was extremely limited and that the policy and planning context became progressively more complex **after** the CDF planning directive was issued in February 1999. Defence stated that, throughout 1999, it ensured that Australia would be well-placed to play a major role **if** a requirement for a multi-national force were to emerge. The ANAO notes that, during 1999, Defence undertook a number of measures in order to meet possible contingencies in East Timor. These included bringing a second Army brigade to 28 days’ operational readiness (announced by the then Minister for Defence on 11 March 1999) and chartering a catamaran ferry in March 1999.

**2.6** On 29 April 1999, Defence created the position of Director-General East Timor to assist the Government in shaping initiatives relating to East Timor by monitoring the situation and developing proposals for Defence contributions. In September 1999, an ad hoc interdepartmental committee, the East Timor Policy Group, was established in the Department of the Prime Minister and Cabinet. Known as the Taylor Committee, after its chairman, it coordinated whole-of-government advice to the Government on East Timor. The Director-General East Timor, along with other officials, provided support to the committee.

**2.7** On 5 May 1999, an Agreement was signed between Indonesia and Portugal (with a number of agreements in Annexes signed also by the United Nations) for a special autonomy proposal to be put to the East Timorese people and for Indonesia to be responsible for security in East Timor.

### ***Operation Concord***

**2.8** Formal operational planning for ADF involvement in East Timor commenced under the name *Operation Concord*. The ADF Activity Analysis Data System (ADFAADS), which was designated by the CDF to be the vehicle for the compilation of ADF lessons learnt for East Timor contingencies, records that

*Operation Concord* commenced on 7 May 1999. This planning was for the provision of ADF logistic support to the international consultation processes to be undertaken in East Timor under the auspices of the United Nations pursuant to the agreements of 5 May 1999.

### ***Operation Spitfire***

**2.9** On 11 May 1999, Defence began planning for *Operation Spitfire*, the possible involvement of the ADF in an evacuation of UN, Australian and certain other nationals from East Timor.

### ***Operation Faber***

**2.10** On 31 May 1999, Defence began planning for *Operation Faber*, described as the possible involvement of the ADF in contingencies in East Timor. The precise nature of that involvement was not clear at the time. The ADF was to provide an effective response to requests for support from Australian Government agencies or international organisations and be prepared to contribute to the national effort to protect Australia's sovereignty.

**2.11** The national objective of *Operation Faber* was described as supporting a process in East Timor leading to a peaceful and orderly transition to either autonomy or independence. Maintaining good relations with Indonesia and establishing a sound Australia-East Timor relationship were key objectives in the planning.

### ***East Timor ballot on autonomy and its aftermath***

**2.12** A vote by the East Timorese people on the Indonesian proposal for autonomy was held on 30 August 1999 and the result (a rejection by 78.5 per cent of voters) announced on 4 September. The announcement was followed by a significant deterioration in the security situation in East Timor. Following approval by Indonesia on 5 September of an Australian request to assist in an evacuation, *Operation Spitfire* commenced on 6 September.<sup>8</sup>

### ***Defence's military planning mandate***

**2.13** On a number of occasions in 1999, Indonesia made it clear that it did not want an international peace-keeping force in East Timor. Defence had no

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<sup>8</sup> For details of the operation, see *East Timor in Transition 1998–2000: An Australian Policy Challenge*, DFAT, May 2001. This audit did not review Defence activities in East Timor other than the military deployments under INTERFET and UNTAET (Operations *Warden* and *Tanager*).

mandate for planning, nor did it plan, for peace-keeping operations in East Timor which did not assume agreement by Indonesia's Government for such operations. Furthermore, Defence planning and anticipatory action (such as pre-positioning of troops and materiel) were constrained by diplomatic and international relations considerations. A series of information leaks in 1999 heightened concern on security in Defence and led to very restrictive access practices in the planning processes for possible operations in East Timor.

**2.14** The nature and size of the ADF involvement in East Timor were not known until shortly before deployment. As mentioned in paragraph 2.1, there was no government strategic requirement for the ADF to be able to form or lead an international peace-keeping coalition force.

### ***International response to the deteriorating situation in East Timor***

**2.15** In response to increased disorder and violence in East Timor early in September 1999, international pressure for a peace-keeping force to be allowed into East Timor grew. On 6 September, the UN Secretary-General asked the Australian Prime Minister whether Australia would be willing to lead a multinational force in East Timor. The Prime Minister agreed and offered to make 2000 troops available to deploy at 48 to 72 hours' notice.<sup>9</sup>

**2.16** On 7 September, the Government directed that planning be undertaken for an ADF deployment as part of an international force in East Timor. On 9 September, the Foreign Ministers of the countries attending the 1999 Asia-Pacific Economic Cooperation (APEC) Summit in Auckland expressed their concern about the situation in East Timor and expressed willingness to assist through a UN mandated presence to restore peace and security. That day, the Prime Minister announced that Australia would be able to contribute up to 4500 troops, if needed. On 14 September, Indonesia agreed to allow a multinational force into East Timor.

### ***Authorisation for INTERFET: UN Security Council Resolution 1264 (1999)***

**2.17** On 15 September, the United Nations Security Council passed Resolution 1264 (1999), authorising the establishment of a Multinational Force in East Timor (INTERFET) with a mission to:

- restore peace and security in East Timor;

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<sup>9</sup> *East Timor in Transition 1998–2000: An Australian Policy Challenge*, Department of Foreign Affairs and Trade (DFAT), May 2001, p. 133.

- protect and support the United Nations Mission in East Timor; and
- within force capabilities, facilitate humanitarian assistance operations.

Resolution 1264 authorised nations participating in the force to take all necessary measures to fulfil its tasks. The passing of Resolution 1264 and the Australian Government's agreement to lead the force provided the basis for Defence's further military planning for a significant Australian troop commitment and coalition leadership responsibility.

## Crisis management machinery for East Timor

**2.18** To assist the formation of the coalition force, the then Vice Chief of the Defence Force visited Southeast Asian countries from 14–18 September 1999 to encourage troop commitments from Australia's regional friends and allies. Defence and DFAT officials at various levels and localities assisted in:

- securing a satisfactory mandate for INTERFET in the UN Security Council Resolution; that is, a mandate which gave the force the necessary authority to achieve its aims;
- seeking force contributions from a diversity of countries to achieve the national objective of forming a broadly-based international coalition force of 'willing' nations; and
- facilitating the participation of willing countries through briefings and assistance in setting up mechanisms for eligible countries to be provided with logistic assistance and reimbursement of costs.

**2.19** As the management of East Timor became the principal national security crisis to be managed in 1999, the standard Commonwealth Government arrangements for National Security Crisis Management were adapted to the specific requirements of the East Timor crisis. The standard arrangements comprise:

- National Security Committee of Cabinet (NSCC);
- Secretaries Committee on National Security (SCNS); and
- Strategic Policy Coordination Group (SPCG).

**2.20** As indicated at paragraph 2.6, the East Timor Policy Group (Taylor Committee) was established in DPM&C in September 1999. It was created quickly as the focal point for developing whole-of-government responses to the situation in East Timor. Its membership varied over time by the inclusion of a range of agencies, such as the Department of Immigration and Multicultural Affairs and the Australian Customs Service, when required.

**2.21** At a level below the National Crisis Management arrangements, there were four organisations responsible for managing the East Timor crisis, including establishing and managing an international force.

**2.22** In Defence, the highest level advisory committee was the *Strategic Command Group* (SCG), which met usually daily during the period of the East Timor crisis. SCG included the Vice Chief of the Defence Force (VCDF) and Deputy Secretary Strategy, who were also members of the East Timor Policy Group, linking Defence's and the national crisis management machinery at a level below departmental Secretaries. SCG's principal function is to provide advice to the CDF (who chairs the Group) to assist CDF in discharging responsibility for command of the ADF and providing military advice to government. SCG's responsibilities include the monitoring of military campaigns. (Defence's Strategic Watch Group, in contrast, focuses on monitoring changes in indicators and warnings and providing advice to the SCG on strategic planning matters.)

**2.23** On 7 September 1999, Defence established the East Timor Policy Unit in Australian Defence Headquarters, to provide political-military guidance and policy support to the Minister for Defence and the Defence Executive.

**2.24** In Strategic Command Division, the INTERFET Branch was made responsible for the practical aspects of managing the offers of troop contributions.

**2.25** In the Department of Foreign Affairs and Trade, the East Timor Crisis Centre was responsible for providing policy input. In the early stages of the INTERFET deployment, it also provided briefings and background information for Australian officials involved in seeking international troop contributions.

**2.26** Defence had to consider two separate goals in the management of the East Timor crisis. One was to achieve the mission objectives laid down in UN Security Council resolution 1264 (see paragraph 2.17 above). The other was to avoid an escalation of the conflict.

**2.27** The arrangements put in place nationally, and in Defence, ensured that a range of objectives and interests were balanced. The crisis management mechanisms were tailored to the requirements of the crisis. They were flexible and provided an adequate machinery for relevant departments and agencies to provide input into the decision-making process, as well as allowing decision-makers access to a satisfactory range and breadth of information and expertise.

**2.28** Documentation sighted and discussions held in the course of the audit field-work pointed to a high degree of satisfaction with the arrangements at the higher national and Defence levels. The one exception to this were repeated comments in Defence (both in discussions and in Defence's documented reviews

of the handling of the East Timor crisis) concerning a lack of a whole-of-government international public information strategy covering the military operations. That aspect is addressed in Chapter 5 of this report. Defence advised the ANAO that, in order to help refine its crisis management and planning processes, the membership and processes of the Defence Mobilisation Committee and the Mobilisation Executive Cell are under review. Defence also advised that it is to develop a discussion paper on mobilisation strategies and the roles of the Defence committees to improve crisis management and planning processes.

### ***Finalisation of operational planning***

**2.29** Defence had taken a number of measures early in 1999 to increase ADF preparedness for eventualities in East Timor. They related to increased troop preparedness, enhancing troop and materiel carrying capacity and the ability to focus on developments in East Timor and provide advice to Government on those developments and ways to respond to them. These proved to be prudent and enhanced the ability of Defence to respond to developments in East Timor, which resulted in a military surge requirement unprecedented in recent Australian history.

**2.30** Following the Government's planning direction of 7 September 1999 (paragraph 2.16 above), Defence's Warning Order 013/99 of 8 September 1999 initiated formal Defence planning for *Operation Warden*, that is, ADF involvement in INTERFET. That was only 12 days before the actual troop deployment ('D-Day' – 20 September 1999).

**2.31** Defence's operational planning identified a preliminary operation to concentrate Australian and international combat capability (forces and equipment) at Australian departure points. This was to be followed by a four phase operation:

- Phase 1 – Control (secure point of entry into East Timor and lodge the force to take control of Dili);
- Phase 2 – Consolidation (extend INTERFET's influence across East Timor);
- Phase 3 – Transition (hand-over of security for East Timor to a UN peace-keeping force); and
- Phase 4 – Redeployment of INTERFET following successful transition<sup>10</sup>.

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<sup>10</sup> The majority of Australia's contribution to INTERFET did not redeploy physically but remained in East Timor and transitioned to UNTAET.

**2.32** There are two particularly noteworthy features of Defence's planning at this time. Firstly, planning and its review before implementation demonstrated that Defence managed carefully the two goals stated at paragraph 2.26 above. Secondly, Defence's planning from an early stage incorporated a disengagement strategy. This avoided an open-ended commitment with consequent operational and resource implications and possibly detrimental international reactions.

**2.33** It took only eight days from the Government's direction (7 September) for Defence to commence planning for a deployment to East Timor of an ADF led international peace force to the completion of a detailed operational plan (HQ INTERFET Operation Instruction 01/99 – 15 September).

**2.34** On 12 September, the Deployable Joint Force Headquarters (DJFHQ) issued the Concept of Operations for *Operation Warden*; a Land Component Operation Plan was issued on 14 September. On 16 September, HQ INTERFET Operation Instruction 01/99 was issued. Naval Component Commander issued orders on 18 September on the naval plan for deployment. That day, Commander DJFHQ was appointed Commander INTERFET (CDF Directive 439/99). On 19 September, DJFHQ issued the Execute Order to INTERFET forces, containing only one significant change from HQ INTERFET Operation Instruction 01/99 (a result of reassessment in the sequencing of force elements in the light of information just obtained).

**2.35** In its military planning, Defence faced a number of constraints. The main constraints were as follows:

- The actual nature and size of the military operations to be undertaken were not clear until shortly before deployment.
- The number, size and force capability to be provided, and the support required, by the non-Australian troop contributing nations were not known until after the deployment had started.
- International considerations and concerns regarding the security of classified information in Defence constrained the distribution of information required by functional areas for detailed planning and anticipatory action before the military deployment.

**2.36** In September 1999, Defence planning at the strategic and operational levels was carried out with great intensity. Although the audit team found comments in Defence documents regarding 'nugatory planning' having been conducted earlier in 1999, the speed with which operational plans were concluded in September, and references in the planning documents themselves, tend to support a view that Defence's earlier planning for contingencies in East Timor honed the skills of planners and accelerated the compilation of information and the resolution of planning problems.

**2.37** Defence's planning for operations in East Timor was carried out in accordance with the government's requirements. Defence responded speedily and effectively within the parameters set by government and the international context.

**2.38** This is not to say that planning was without problems. The constraints in Defence's planning effort (paragraph 2.35 above) '*caused almost a reverse planning sequence where the tactical and operational levels were forced to plan with limited strategic guidance.*'<sup>11</sup> The consequences of constraints on logistic planning are discussed in Chapter 4. Issues relating to lack of planning guidance on coalition leadership and command and control matters are discussed below.

## Managing an international coalition operation: lack of doctrine

**2.39** The production of timely and effective military plans is a major responsibility of command<sup>12</sup>. Military plans are developed on the basis of a body of instruction (doctrine) that informs key planning decisions. At the time of the East Timor crisis, Defence had military doctrine<sup>13</sup> for combined operations between Australia and US and NZ forces. There was no doctrine on how to build, lead and manage a diverse peace-keeping force of many nations, let alone one of the size and complexity required to meet the requirements of the East Timor situation.

**2.40** In the framework of the ADF's system of planning, such doctrine could not be expected to be developed within Defence's *deliberate planning* process. That process assumes a warning notice period, as a general rule, of at least 12 months, which was not available for the INTERFET deployment. However in terms of what Defence terms *immediate planning*<sup>14</sup>, the CDF Warning Order of 5 February 1999 (paragraph 2.4 above) contained a requirement to be prepared to take the lead in a multilateral operation. There was no documentation available to show that a formal process had been pursued, at strategic or operational headquarters at that time, to develop ADF doctrine in order to take the lead in such an operation.

**2.41** Nevertheless, Defence finished operational planning for INTERFET shortly after the Government directed Defence to plan for the deployment of an international force.

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<sup>11</sup> Annex E to HQ INTERFET Post Operations Report, 23 Feb 2000, para. 2.

<sup>12</sup> Australian Defence Force Publication 9, 1999, Joint Planning, para. 2.13.

<sup>13</sup> Detailed in combined planning guidance in ADFP 9 Joint Planning, 1999.

<sup>14</sup> Immediate planning is defined in ADFP 9, 1999, as *the time sensitive planning for the assignment of forces and resources that occurs in response to a developing situation that may result in military operations*. Warning time is usually less than 12 months (paras 3.22 and 3.23).

## ***INTERFET Headquarters***

**2.42** The military plans developed by Defence for INTERFET contained a command structure that was unusual for UN sanctioned operations, in that the military headquarters did not contain representatives from all troop contributing countries. The structure adopted was consistent with the wording of UN resolution 1264 (1999) for the international force to be under a *unified command*.

**2.43** The precise meaning of *unified command* was not clear but the term gave Australia the flexibility to put in place a robust system that met the requirements of the operation. DJFHQ formed the basis of INTERFET's HQ. Some Defence reviews of the INTERFET deployment criticised the INTERFET headquarters structure as unnecessarily 'Australia-centric'. However, the command arrangements put in place by Defence seem well justified, given the following factors:

- the short planning time available and the need to put in place an effective command system at the beginning of the operation when security risks were highest;
- uncertainty, pending decisions on which countries would participate and what their precise contribution would be;
- constraints regarding access to some classified material by some countries;
- the limited time of the INTERFET deployment period (September 1999 to February 2000);
- the practical difficulties, including those concerning availability of equipment, of putting in place alternative arrangements; and
- the arrangements gave troop contributing nations flexibility, were accepted by them and gave Australia, as the lead nation and main contributor, adequate control.

**2.44** The headquarters arrangements for the coalition force were made to work satisfactorily by regular briefings of national contingents, the sequencing of the arrival of those contingents and the judicious allocation of their military roles and geographic locations.

## ***Arrangements for building a coalition force***

**2.45** Defence put in place a system for building the international force at short notice. Responsibility within Australian Defence Headquarters and Headquarters Australian Theatre was allocated quickly and, despite some overlap, the available evidence suggests that the flows of information and interaction with Australian and foreign officials worked satisfactorily.

**2.46** A number of Defence reviews of INTERFET expressed concern that the arrangements did not ensure that foreign contingents actually brought with them logistic support, supplies and equipment required to perform their role in the operational theatre. That concern centred on the cost to Australia of making up the materiel and logistic shortcomings of those contingents and the burden that placed on an already stretched Australian logistic support system.

**2.47** Evidence indicates that Defence took reasonable steps to inform the officials of relevant countries of deployment requirements. Detailed guidelines for troop contributing nations were drafted swiftly, containing details of the mission, physical and support environments in East Timor and in Australia, support responsibilities, preparation requirements for military units and equipment and administrative requirements<sup>15</sup>.

**2.48** National contingents were to arrive with provisions for 42 days' self-sufficiency<sup>16</sup>. Representatives of troop contributing nations were provided with briefings in Canberra, including logistic aspects. However, many national contingents arrived without all of the required preparation (eg. vaccinations) and equipment. When contingents arrived inadequately prepared, Defence was left with little choice but to fill the gaps, given the realities of the situation, namely:

- the short notice of deployment and the urgency in getting troops to East Timor;
- few countries have the organic logistic support capability for an overseas deployment and therefore rely on the UN or a major military power to provide that support in such deployments; and
- the policy imperative to form a broadly based coalition force quickly and ensure its effectiveness.

### ***Financial planning***

**2.49** Concurrent with operational planning, Defence also started financial planning in the Chief Finance Officer's (CFO) Group. This included preparation of a Cabinet submission that resulted in a Parliamentary appropriation for the East Timor deployment for 1999–2000. The *Appropriation (East Timor) Act 1999–2000* appropriated \$860 million for Defence to meet the additional costs of its East Timor operations. Defence later returned \$215 million to the Government as unspent, leaving a net appropriation of \$645 million. Defence advised the ANAO that the \$645 million comprised expenditure for 1999–2000 of \$607.5 million and a liability to the Department of Finance and Administration of \$37.5 million, which was taken up in the 1999–2000 Departmental Accounts and paid to that Department during 2000–01.

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<sup>15</sup> *Guidelines for Troop Contributing Nations. International Force in East Timor. Sep 99.*

<sup>16</sup> *COMAST Admin Instruction 4/99.*

**2.50** Financial planning for East Timor operations was hampered by:

- a lack of readily available experience on UN peace-keeping financial system, processes and policies;
- lack of workable policy for cost recovery in a coalition force;
- difficulties in obtaining information from other groups within Defence on matters relevant to estimating the cost of the operation;
- uncertainty about responsibility for the implementation of financial management arrangements, eg. between CFO Group and HQAST;
- inadequate systems in Defence to provide accurate costing data; and
- lack of a centre of expertise on costing methodology and processes for military operations.

**2.51** As a result, there were delays in completing arrangements for funding the deployment and advising Defence Groups on recovery procedures. A Financial Management Instruction for the East Timor deployment was not in place until about a month after INTERFET's commencement, leaving deployed personnel uncertain about procedures and authority.

**2.52** This uncertainty may have contributed to inadequate financial procedures and lack of checks such as those exemplified in an internal audit report. That report concluded that controls over cash payments to ADF members overseas were ineffective and exposed Defence to the risk of fraud occurring and remaining undetected.<sup>17</sup>

**2.53** As Defence staff were using systems without a clear audit trail, such as the Lotus Notes Interim Demand System (discussed in Chapter 4), a significant effort was required to establish costs. Defence advised the ANAO that Support Command Australia and Headquarters Australian Theatre staff took about nine months (to September 2000) to collate the cost of supporting INTERFET and the costs associated with raising and supporting the coalition.

**2.54** Evidence indicates that lack of expertise also contributed to Australia's acceptance of liability for death and disability for INTERFET personnel of eligible countries under the UN Trust Fund. The ANAO understands that no claims against this liability have been made.

**2.55** The problems encountered in establishing the financial framework for the military deployments in East Timor show the need for Defence to have readily available expertise on UN peace-keeping financial systems, processes and policies, to have clear division of responsibility among its organisational elements for the implementation of financial management arrangements and to have adequate costing systems.

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<sup>17</sup> Management Audit Branch, Audit Report No.2001 52QLD, *Report on a Management Audit Branch Review on the Cash Remittance System from East Timor, 24/11/00.*

### ***INTERFET Trust Fund***

**2.56** UN peace-keeping operations usually receive funding from the UN peace-keeping budget. Multinational forces, such as the '*coalition of the willing*' that made up the INTERFET force, are expected to be self-funding by the contributors. Accordingly, Australia funded its contribution to INTERFET but the self-funding expectation can present a problem in quickly securing volunteer countries. To overcome this in the East Timor crisis, the United Nations Security Council authorised the establishment of a trust fund to assist developing countries to meet their costs to the extent of the reimbursement which would have been provided under a UN-funded peace-keeping mission. Countries that could draw from the Trust Fund were termed 'eligible' countries.

**2.57** To facilitate troop commitments, Australia undertook to carry costs for some eligible countries if these cost were incurred as a result of participating in the INTERFET deployment and would not be paid from the Trust Fund.

**2.58** The Trust Fund received donations of US \$106.278 million (US \$100 million from Japan, \$5 million from Portugal, \$0.598 million from Brunei, \$0.366 million from Luxembourg and \$0.314 million from Switzerland).

**2.59** Australia undertook to administer claims for reimbursement centrally, in return for which the UN agreed to reduce its administration charge from the standard 14 per cent to 0.5 per cent of expenditures. The US separately allocated funding for logistic support to the force provided by them.

**2.60** Defence advised the ANAO that, as of 27 November 2001, US \$27.1 million had been paid to eligible countries from the UN INTERFET Trust Fund. The cost to Australia of providing non-capital logistic support to eligible countries had been refunded from the Trust Fund. (As at 27 November 2001, US \$10.9 million had been reimbursed to Australia.) All outstanding claims on the Fund have been concluded.<sup>18</sup>

**2.61** The Trust Fund was not intended for capital items. The ANAO understands that an Australian request to amend the terms of reference of the fund was rejected to avoid setting a precedent for future UN peace-keeping operations. Capital items required by eligible countries were loaned by Australia. The ANAO understands that lists of requirements were vetted by Strategic Command and HQAST staff. The ANAO examined the lists of equipment provided by Defence and found that the items were reasonable for the conditions in the operational theatre.

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<sup>18</sup> Disbursement of the remainder of the UN Trust Fund is yet to be determined.

**2.62** Defence advised the Government in 1999 that up to \$5 million could be required for the purpose of providing equipment to participating countries. Equipment loaned to eligible countries (other than Fiji) was gifted to them on 12 June 2000. That equipment was valued at \$2.5 million. Following the lifting of sanctions on Australia's military cooperation with Fiji in early October 2001, the equipment loaned to Fiji (valued at \$1 million) was gifted on 8 November 2001. It was decided to convert the loans to gifts to maintain the goodwill created by the loans and to divest Australia of any costs for repair and maintenance of the equipment.

**2.63** Defence advised the ANAO that non-eligible countries were billed for Australian support and that those arrangements were subject to a wider audit of cost recovery arrangements in Defence being undertaken by Defence's Management Audit Branch. In order to avoid duplication, the ANAO has not examined those arrangements. Defence advised the ANAO in February 2002 that fieldwork in the above-mentioned audit had reached an advanced stage and a draft report was expected to be released for comment in the department in April 2002.

## **INTERFET command and control**

**2.64** Changes in the structure of the ADF, including the use of permanent joint command arrangements, led to the ADF's command and control (C2) doctrine becoming dated by the late 1990s. The Chiefs of Staff Committee formalised, on 20 September 2000, new command authorities of Theatre Command (TCOMD) and National Command (NATCOMD). Subsequently, in November 2000, the Chief of the Defence Force (CDF) issued a doctrinal pamphlet titled *ADF Operational Command and Control—Provisional Edition*. It provides that an effective military command and control system should:

- meet the requirements of government;
- provide for lawful delegation of authority;
- allow commanders to achieve their mission through their initiative and the application of the art and science of war;
- facilitate the effective and efficient employment of capabilities and resources; and
- be adaptable to meet the requirements of military operations the ADF might be required to execute.<sup>19</sup>

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<sup>19</sup> *Operational Command and Control. Provisional Edition*, Nov 2000, para. 3.

**2.65** Specific C2 arrangements were set up to meet the requirements of INTERFET. These were specially designed for INTERFET and had not been employed in previous operations or exercises.

**2.66** CDF appointed the Commander International Force in East Timor (COMINTERFET) as an *operational commander* under CDF's command<sup>20</sup>. He was to report to the Australian Government and the United Nations *through CDF*<sup>21</sup>. National contingents from contributing countries were assigned to COMINTERFET as they became available.

**2.67** Command is the authority which a commander lawfully exercises over subordinates by virtue of rank or assignment. Operational command is the authority granted to a commander to:

- specify missions or tasks to subordinate commanders;
- deploy units;
- re-assign forces; and
- retain or delegate operational control, tactical command and/or tactical control.

**2.68** Operational command does not automatically include responsibility for administration or logistic support.

**2.69** A Land Component Commander was appointed who, until he moved out of Dili, was also appointed as Commander Australian Contingent (COMASC)<sup>22</sup> for *Operation Warden* (the codename allocated to the ADF involvement in INTERFET).

**2.70** COMASC was to exercise national command (NATCOMD) of all ADF members assigned to the international force. NATCOMD is defined as:

*A command that is organised by, and functions under the authority of, a specific nation.* (NATO definition used in the above-mentioned Defence pamphlet)

**2.71** NATCOMD is further described by Defence as a command state conferred upon a national appointee to safeguard Australian national interests in combined or coalition operations.

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<sup>20</sup> CDF exercises full command of the ADF by virtue of section 9 of the Defence Act and has directed the Service Chiefs to exercise full command of their Service elements unless these are assigned to COMAST for operations.

<sup>21</sup> CDF Directive No.9/1999 6 October 1999—paras 28–30.

<sup>22</sup> On 19 November 1999, the Air Component Commander was appointed COMASC. COMAST also appointed Naval, Air and Logistic Component Commanders—*HQINTERFET Post Operations Report*, 23 Feb 2000 para. 106.

**2.72** A wide ranging list of tasks to Defence officials was set out in *CDF's Warning Order 013/99* of 8 September 1999 and the *Military Planning Directive Operation Warden* of 14 September to put in motion detailed planning to raise and sustain Australian forces and logistic support for an international force.

**2.73** The C2 arrangements put in place for INTERFET involved a complex force assignment and command process whereby Australian forces were assigned by the CDF to COMAST, then to COMASC for national command and COMINTERFET for operational command. At the same time COMINTERFET was assigned forces from other troop contributing nations and was given other responsibilities such as coalition integration and reporting to the Australian Government and the United Nations.

**2.74** These C2 arrangements were unique in Australia's experience and reflected the complex requirements of a large international coalition force on a mission to restore peace through an offshore deployment. The arrangements had to protect the national interests of troop contributing countries, including those of Australia as the lead nation, contribute to military effectiveness and efficiency, and have regard to UN requirements. These distinct, and to some extent conflicting, requirements had to be met in some way.

**2.75** This meant compromise, for example between the need for preserving national command structures and optimising the use of resources across the total force. The diverse requirements to be met by the C2 system may account for the degree of complexity in the arrangements.

**2.76** On the evidence contained in post-operational reports, the C2 arrangements put in place by Defence for the INTERFET deployment met the Defence requirements of an effective military C2 system, noting that the distinct requirements to be met by these arrangements meant that compromises had to be made between the different requirements of the C2 system.

## Conclusion

**2.77** The arrangements put in place in 1999 nationally and in Defence to manage Australia's responses to developments in East Timor constituted a satisfactory approach to ensure that a range of objectives and interests were balanced. The crisis management mechanisms were tailored to the requirements of the crisis. They were flexible and provided an adequate machinery for relevant departments and agencies to provide input into the decision-making process, as well as allowing decision-makers access to a satisfactory range and breadth of information and expertise.

**2.78** Defence's planning for operations in East Timor was carried out in accordance with the government's requirements. Defence responded speedily and effectively within the parameters set by government and the international context. However, Defence's financial planning and arrangements for funding of the INTERFET deployment were delayed by lack of expertise in this area, uncertainty about responsibilities, and inadequate costing systems.

## **Lessons to be learnt**

**2.79** The problems encountered in establishing the financial framework for the military deployments in East Timor show the need for Defence to have readily available expertise on UN peace-keeping financial systems, processes and policies; to have clear division of responsibility among its organisational elements for implementing financial management arrangements; and to have adequate costing systems.

## 3. Transition from INTERFET to UNTAET

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*This chapter describes the change-over planning and arrangements from an Australian-led international coalition force in East Timor to a UN peace-keeping force.*

### Introduction

**3.1** Australia's planning for INTERFET from the beginning assumed a change-over in early 2000 from an Australian-led international coalition force to a UN peace-keeping force. United Nations Security Council Resolution 1272 of 25 October 1999 constitutes the international legal basis for UNTAET. UNTAET's mandate includes providing for security and maintaining law and order in East Timor. UNTAET's military component, titled Peacekeeping Force (PKF), has an authorised strength of up to 8950 troops and up to 200 military observers.

**3.2** Responsibility for military command and control passed from INTERFET to Headquarters of the PKF on 23 February 2000. From that point, Australia's military presence transitioned from lead nation contingent to one of several national components of the UN force. As part of the UN force, Australia is entitled to reimbursement from the UN for costs of personnel and equipment contributed.

### Transfer of operational responsibility to UNTAET

**3.3** Australia's planning for INTERFET included consideration of a transition from the Australian led multi-national coalition force of willing nations to a smaller UN force. Defence planners:

- realised the difficulty of sustaining the large size of the INTERFET force and that a force of that size would not be necessary once security in East Timor had been largely restored; and
- were conscious of the international policy advantages of moving from a coalition force under Australia's leadership to a UN peace-keeping force.

**3.4** Defence planners actively pursued a transition to the PKF. Their preferred transition day (T-Day) of 15 January 2000 was acknowledged to be extremely tight. It was later changed to 28 February 2000.

**3.5** Rather than opt for the conventional UN approach of a comprehensive change-over at a specified point in time from one force to another, a gradual

approach was chosen, with a progressive transition of command and control to the newly established Headquarters PKF, both geographically and functionally.

**3.6** A detailed transition plan was developed by HQ INTERFET in consultation with UNTAET staff.<sup>23</sup> Transfer of responsibility from INTERFET to UNTAET PKF commenced in the eastern parts of East Timor on 1 February 2000; in Dili and central East Timor on 14 February; and the Western border section of East Timor on 21 February. INTERFET's success in restoring peace and UNTAET's progress in assuming control allowed the formal transition day to be put forward from 28 to 23 February 2000.

**3.7** The transition approach allowed HQ PKF to assume responsibility gradually, to test and adjust its systems and processes and minimise the strain on logistic and communications systems. Post-operation reports and discussions held by the audit team in HQ PKF and Australia's National Command Element in East Timor indicated that the transfer of operational responsibility from INTERFET to UNTAET had been well planned, with an innovative approach and was well-managed and effective on the ground.

**3.8** However, in conjunction with the operational planning for the transition, Australia's changing role from coalition force leader to a contributor to a UN peace-keeping force required negotiation with the UN about the precise nature of the contribution and reimbursement for that contribution. That process turned out to be complex and protracted and is described below.

## Australia's contribution to UNTAET and reimbursement from UN

### *UN reimbursement system*

**3.9** INTERFET was largely funded by coalition members, but UNTAET is a UN operation for which all contributing member nations are entitled to reimbursement for costs of personnel and equipment contributed. Reimbursements are based on the number of personnel and their equipment that the UN and member states agree for a particular UN peace-keeping operation. There are set rates for personnel and lease rates for equipment. The system for payment of lease rates for equipment was set up by the UN in 1996.<sup>24</sup>

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<sup>23</sup> The detailed plan was issued as HQ INTERFET Operation Instruction 02/99 of 17 December 1999 and UNTAET and INTERFET Joint Operation Order 01/00 of 10 January 2000.

<sup>24</sup> UN Department of Peacekeeping Operations, Manual on Policies and Procedures concerning Reimbursement and Control of Contingent Owned Equipment of Troop-Contributing Countries Participating in Peacekeeping Missions, 1996.

Reimbursement rates tend to reflect the value of equipment; that is, higher rates tend to be paid for heavier or more complex armaments of higher value than commercial, less complex or lighter military equipment. The ANAO understands that the UNTAET is the first complex UN peace-keeping operation to employ the UN equipment lease rate system.

**3.10** The force structure, size and deployment concept for INTERFET were based on operational planning which addressed the need to meet contingencies at the higher end of the conflict spectrum. ADF units deployed to East Timor were structured on the basis of their wartime roles, adapted and supplemented by other ADF units to meet the specific requirements of INTERFET.

### ***Agreeing the Australian contribution to UNTAET***

**3.11** The UN peace-keeping force under the authority of UN Security Council Resolution 1272 operates under a mandate to UNTAET to provide security and maintain law and order in East Timor. The ANAO understands that protracted negotiations have been held between Australian Defence officials and the UN Department of Peacekeeping Operations on the precise structure, size and equipment of the Australian contribution to the military component of UNTAET. Negotiations were protracted partly because of differences between the UN and Australian assessments of the type and number of equipment required in East Timor in the operational environment at the time, and the legacy of the equipment brought to East Timor to meet INTERFET requirements. These differences centred on the Australian Battalion, which conducts security operations in the area of operation allocated to it in western East Timor.

**3.12** The change-over from INTERFET to UNTAET PKF occurred on 23 February 2000. Agreement on the scale and composition of the Australian contribution was reached in a Memorandum of Understanding (MoU) between the UN and Australia in August 2001. It was effective from Transition day, 23 February 2000.

### ***Costs of and reimbursement for the Australian contributions to UNTAET***

**3.13** The annual cost estimated by Defence of the Australian deployments in East Timor, under *Operation Tanager*,<sup>25</sup> in 2000–2001, is set out in Table 2.

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<sup>25</sup> The codeword allocated by Defence to the ADF contribution to UNTAET.

**Table 2****Estimated cost of ADF East Timor deployments in 2000–01**

Type of cost	\$million
Deployment operating expenses*	658.4
Capital expenditure	123.6
Total	781.9

\* excluding \$16.6 million in Capital Use Charge.

Source: Department of Defence

**3.14** Strategic Command's (SC) estimates for Australian reimbursement entitlements from the UN for the first year of Australia's contribution to UNTAET are summarised in Table 3.

**Table 3****Maximum possible UN reimbursements to Australia for the first year of UNTAET**

Type of cost	\$million
Maximum possible reimbursement under the MoU with the UN	87.2 <sup>26</sup>
Reimbursement for other goods and services purchased by the UN from the Australian contingent	34.7 <sup>27</sup>
Total maximum possible reimbursement for the first year of UNTAET	121.9

Source: Department of Defence

**3.15** Tables 2 and 3 indicate that the maximum possible reimbursement for the first year of Australia's contribution to UNTAET (both under the MoU and reimbursement for goods and services purchased by the UN from the Australian contingent)<sup>28</sup> is less than a fifth of Operation Tanager's annual operating expenses estimated by Defence.

<sup>26</sup> Equivalent to USD\$44.1 at AUD 1 = USD 0.505.

<sup>27</sup> Equivalent to USD\$17.5 million, as above.

<sup>28</sup> The Government agreed to supplement the Defence budget for the total costs of the East Timor deployments. Consequently, any reimbursement from the UN under the MoU and for other goods and services purchased from the Australian contingent are transferred into consolidated revenue as Defence has received supplementation for these costs.

**3.16** By October 2001 actual payments received by Australia from the UN for Australia's contribution to the UN under the MoU for the first 12 months (23 February 2000 – 22 February 2001) were estimated by SC to be \$37.7 million<sup>29</sup> (less than half of the maximum possible entitlements calculated by SC for that period under the provisions of the MoU with the UN). Actual payments in that period for extra services and goods purchased by the UN were estimated by SC to amount to \$US15.1 million (86 per cent of the Australian entitlements calculated by SC for that period).

**3.17** Table 4 shows SC estimates for the maximum annual reimbursements to Australia that would apply for future years, on the basis of the present MoU provisions. The table indicates that, given the provisions of the MoU and assuming continuation of Australia's contribution at current levels, the maximum reimbursement amount per year constitutes 12.2 per cent of the annual operating expenses of *Operation Tanager*<sup>30</sup> in 2000–2001. The maximum reimbursement amount that could be obtained is likely to decrease proportionate to the reduction in the size of Australia's agreed force contribution to UNTAET.

**Table 4**

**Estimated maximum annual reimbursements from the UN to Australia in future**

Type of reimbursement	\$million*
Maximum reimbursement under the MoU with the UN:	75.3
Reimbursement for other goods and services purchased by the UN from the Australian contingent:	4.8
Total maximum possible reimbursement for the future years of UNTAET:	80.0

\* Rounded figures have been used.

Source: Department of Defence.

**3.18** There are a number of reasons for the differences in cost and reimbursements for the Australian contribution to UNTAET PKF, which are discussed below.

**3.19** Not all of the Australian Defence personnel and materiel in support of the UN peace-keeping force in East Timor are included in the MoU and are

<sup>29</sup> Equivalent to USD\$19 million, as above.

<sup>30</sup> assumed exchange rate of AUD 1 = USD 0.505.

therefore not subject to reimbursement by the UN. Defence, in some cases, decided to retain in East Timor some military capabilities not required by the UN. Examples are the military personnel and materiel for the medical evacuation of Australian troops in the field. Australia decided to retain that capability rather than rely on a UN arrangement for military medical evacuations. Such capabilities are not included in the UN reimbursement arrangements. No detailed cost estimates were available on the proportion of costs for such capabilities out of the total *Operation Tanager* presence in East Timor.

**3.20** Reimbursement by the UN is subject to a verification process. The MoU states that verification is to be governed by a principle of reasonability. Verification should involve a check on whether troop contributors and the UN had taken all reasonable measures to meet the spirit of the MoU, if not the full substance.

**3.21** In practice, the process of verification in East Timor seemed to be immature, driven by formal requirements, with inadequate appreciation of the realities of the operational environment and a lack of agreed procedures and systems. Examples quoted were discounting of equipment that could not be inspected on base on a particular day because it was used on operational duties, and the minimal opportunity given for commanding officers of units to effectively contribute to the verification process. This seemed to be exacerbated by a lack of training being given to Defence personnel on the UN verification system and processes. Defence personnel who had sought to obtain the results of UN inspections undertaken since February 2000 were unable to obtain comprehensive and complete documentation.

**3.22** For reimbursements for personnel, the verification process did not seem to pose great problems, because records of personnel strengths kept by the Australian contingent did not seem to be disputed by the UN. However, in regard to equipment, verification of the number of equipment items and their serviceability loomed as a significant problem in the reimbursement system and in relationship management between the UN and the Australian contingent, which held most of the heavier armaments in East Timor.

**3.23** The reimbursement rates set by the UN were not related to Australia's actual costs of operating that equipment. The ANAO understands from discussions with Defence and UN personnel in East Timor that the UN rates are not immutable and that UN officials were interested in feed-back on the adequacy of the rates set and would consider changing them in the light of firm cost data presented by member states. Correspondence shows that Defence officials were concerned early in the planning for UNTAET about low rates of reimbursement for equipment. However, the ANAO was advised by Defence that it is incapable

of providing accurate equipment costing data to the UN. Without accurate equipment costing data, Defence cannot assess whether the UN rates of reimbursement are appropriate for Australia or to argue convincingly for an increase in relevant UN rates. To remedy this, Defence needs to have costing systems and processes which allow the compilation of accurate costing data. These are also needed for assessing the amount of any budget supplementation required from Government for the costs of deployments.

**3.24** Defence receives no direct benefit from payments from the UN INTERFET Trust Fund or from payments from the UN under UNTAET, since such payments are made to the Consolidated Revenue Fund. Accordingly, despite endeavours by Defence officers involved in the financial reimbursements from the UN, this activity does not receive priority in Defence, and progress in the negotiations of the MoU with the UN and the follow-up of payments from the UN has been slow. At the time of the audit, satisfactory arrangements on matters such as verification procedures and documentation had not been put in place.

**3.25** The expertise in UN peace-keeping funding arrangements and procedures and the ability to effectively negotiate positive outcomes rests on a handful of people in Defence and is therefore at risk. Effective negotiation at an early stage in any future peace-keeping operation would be likely to produce a beneficial financial outcome for Australia by making maximum use of the UN rules for reimbursements and putting in place streamlined and agreed procedures for verification and payment.

**3.26** At the time of the audit, there was no strategy in Defence relating to the longer-term retention of Defence's expertise on operational and financial aspects of peace-keeping operations under the UN.

**3.27** The Government's strategic guidance in the White Paper, *Defence 2000 — Our Future Defence Force* states that preparing the ADF for operations such as international peace-keeping will take a more prominent place in defence planning than in the past<sup>31</sup>. Maintaining, if not enhancing, the Defence expertise for operational and financial planning under the UN for such activities in future years would be in line with the Government's strategic guidance.<sup>32</sup>

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<sup>31</sup> Defence 2000. *Our Future Defence Force*, Commonwealth of Australia, 2000, paras 2.7 and 2.8.

<sup>32</sup> The importance of expertise on coalition operations and UN procedures is also clearly stated in an address by Major General Mike Smith, Deputy Commander UNAMET Force Phase III, to the Defence Information Environment Seminar, Canberra, 21 March 2001, *Sharing Information in a Coalition Environment: The UNTAET Experience* (published in *Journal of the Royal United Services Institute of Australia*, Vol 23, December 2001).

## Conclusion

**3.28** The operational transition from INTERFET to UNTAET was well planned and involved an innovative approach. The hand-over was also well managed and effective on the ground.

**3.29** Reaching formal agreement with the UN on the Australian contributions to UNTAET has been protracted. It took about 18 months from the date of transition from INTERFET to UNTAET.

**3.30** At the time of the audit, satisfactory arrangements on matters such as verification procedures and documentation had not been made. By October 2001, Australia had received less than half of the maximum available reimbursements under the provisions of the MoU with the UN, for the period February 2000 to February 2001. Verification of the number of equipment items and their serviceability loomed as a significant problem in the reimbursement system and in relationship management between the UN and the Australian contingent in East Timor.

**3.31** The maximum annual UN reimbursements obtainable under current arrangements for the Australian military contribution for personnel and equipment of to UNTAET constitute about 12 per cent of the estimated cost of annual operating expenses for those deployments in 2000–2001. However, without accurate equipment costing data, Defence cannot assess whether the UN rates for reimbursement are appropriate for Australia. To remedy this, Defence needs to put in place costing systems and processes which allow the compilation of accurate costing data.

**3.32** Defence expertise in UN peace-keeping funding arrangements and procedures and the ability to effectively negotiate positive outcomes rests with a handful of people in Defence. At the time of the audit, Defence had no strategy relating to the longer-term retention of that expertise and it was therefore fragile. Retention of that expertise would be in line with the Government's strategic guidance, which gives greater priority than in the past to Defence preparation for international peace-keeping operations. Retention and use of this expertise would also be likely to produce a beneficial outcome for Australia financially, through best use of the UN rules for cost reimbursements and better procedures for verification and claims. This reinforces the lesson to be learnt drawn in Chapter 2 of this report for Defence to have readily available expertise on UN peace-keeping financial systems, processes and policies and to have adequate costing systems.

## 4. Logistics

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*This chapter explores the ADF's logistics arrangements for the East Timor deployments. It describes operational logistic structures, supply systems, vehicle maintenance, movement and transport of personnel and materiel, operation of stores and distribution centres and use of the civilian infrastructure.*

### Introduction

**4.1** To carry out their task, military forces rely on logistics, which is the supply and transport of the numerous items needed to support forces on deployment. These include food, water, clothing, fuel, armaments, ammunition, vehicles, equipment, the personnel and systems that maintain, repair and support them and the establishment of supply chains for continuing support.

**4.2** It is widely agreed in Defence that, in some respects, for an overseas war-like logistic support operation, the logistics support to the ADF's deployments to East Timor was *as easy as it gets*.<sup>33</sup> In particular:

- the area of operations was in close proximity to Australia;
- the territory to be supplied was relatively small;
- *the coalition force was not presented with the stresses and demands of sustained combat*,<sup>34</sup> enabling the logistics supply chain to operate without significant enemy interference; and
- there was no large-scale manoeuvring of forces.

(There were, however, unique challenges, referred to at paragraphs 4.12 and 4.13.)

**4.3** The deployments have been a valuable opportunity to examine how well Defence's logistics capabilities met a relatively low-intensity security challenge over a period of years, and how well the logistic system performed when it was put under pressure, which occurred in its most intense form early in the INTERFET deployment.

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<sup>33</sup> *Logistics Support to INTERFET Operation Warden/Stabilise, Presentation to Defence Sub-Committee of the JSCFADT*, BRIG J. Wilkinson, p. 11.

<sup>34</sup> CDF, INTERFET Report, May 2000, p. iv.

#### 4.4 Defence has stated that its challenge is:

*to provide a force with the capabilities necessary to carry out its mission and to provide the Government with options with which to respond to a given circumstance or threat. It is a force structured for war but adapted for peace, able to react to emerging contingencies and offering a viable defence of Australia while also capable of operating in conjunction with allies and neighbours.*<sup>35</sup>

4.5 If Defence's logistics element had been structured for war and adapted for peace, it would be expected that logistic support for the East Timor deployments would have been handled by an increase in throughput of the logistics chain and systems rather than, as was in fact the case, requiring significant changes to the logistics structures and the implementation of ad hoc arrangements.

### Reductions in logistic staff

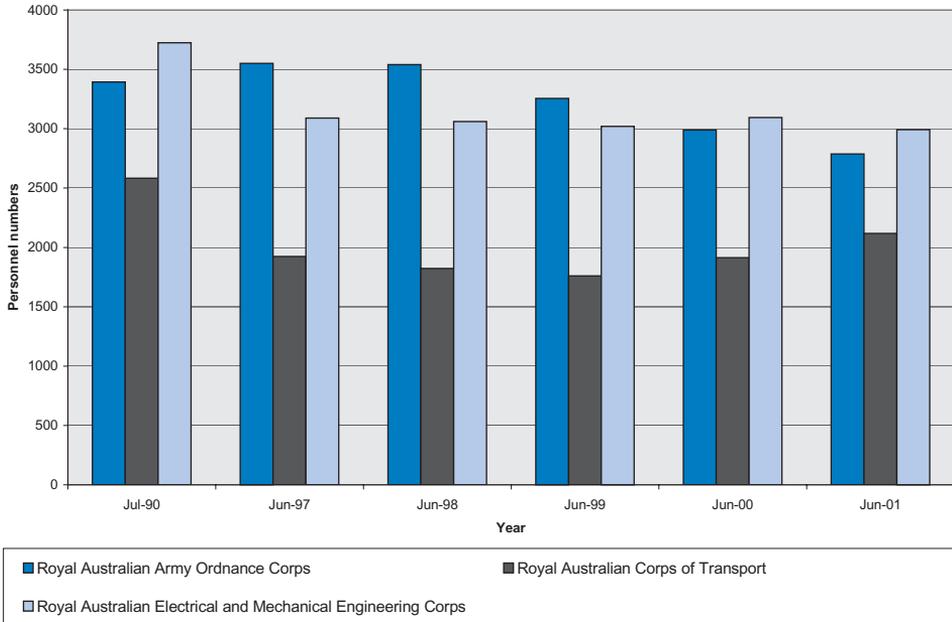
4.6 When the East Timor deployment commenced, the Australian military logistics elements had been downsized and out-sourced over more than a decade of Defence peacetime reform and rationalisation. Figure 2 shows the decline in personnel numbers in the Army's primary logistics corps over the past decade. The Army's primary logistics corps are the Royal Australian Army Ordnance Corps, the Royal Australian Electrical and Mechanical Engineering Corps and the Royal Australian Corps of Transport.

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<sup>35</sup> Portfolio Budget Statements 2000-01, Defence Portfolio, Budget Related Paper Nos. 1.4A and 1.4C, p. 3.

**Figure 2**

**Personnel numbers in Army's primary logistics corps**

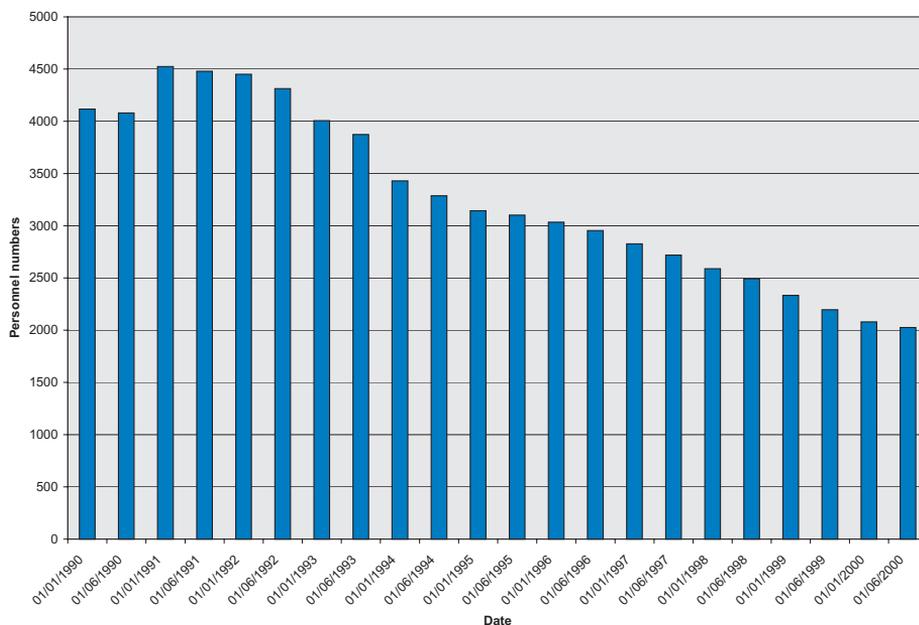


Source: Compiled by the ANAO from information supplied by Defence.

**4.7** Figure 3 shows the Air Force's logistics personnel downsizing from January 1990 to May 2000. The Air Force logistics personnel comprise logistics officers, motor transport drivers, electrical engineers, cooks and assistant cooks, procurement and inventory management staff and supply officers.

Figure 3

## Air Force logistics personnel numbers

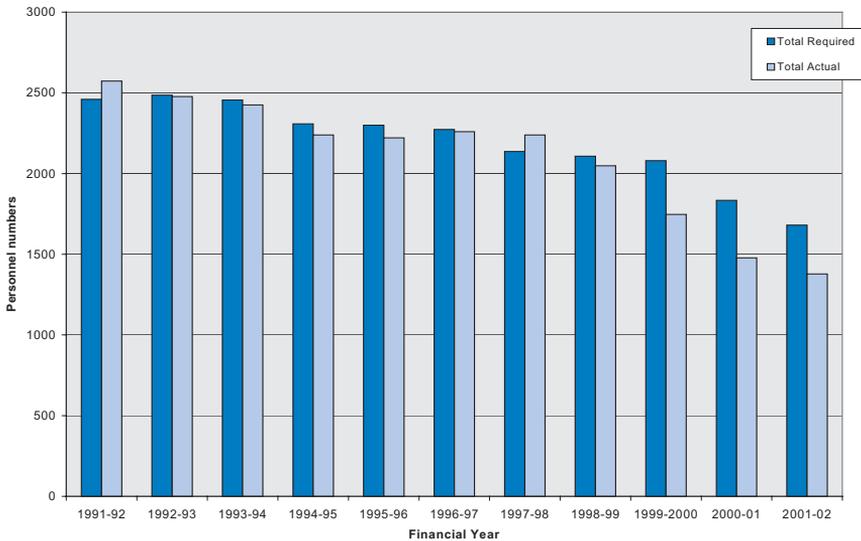


Source: Compiled by the ANAO from information supplied by Defence.

**4.8** Figure 4 shows personnel numbers in the Navy Supply Branch, which carries out the primary navy logistics functions of stores, catering and administration. The graph shows the estimated personnel levels necessary to deliver Supply Branch outputs, as *Required*, and the actual personnel numbers as *Actual*.

**Figure 4**

**Navy Supply Branch personnel numbers**



'Actual' for 2001–02 is estimated.

Source: Compiled by the ANAO from information supplied by Defence.

**4.9** Defence advised that the personnel reductions displayed in Figures 2, 3 and 4 demonstrate the results of a number of Defence reviews including the Force Structure Review, Defence Regional Support Review, the Defence Logistic Redevelopment Project, the Supply Systems Redevelopment Program, the Defence Reform Program and the Commercial Support Program. In particular, Defence referred to the Force Structure Review which considered that only a cadre of specialist tradesmen was necessary, on the assumption that they would not deploy off-shore and would be augmented from within the civilian support base. Furthermore, Defence pointed out that, in the past decade, increasing levels of technology (particularly in the corps represented in Figure 2) had increased the training liability at unit level. Defence stated that, consequently, not only are there fewer personnel, but they are generally not trained on all of the equipment necessary for the campaign.

**4.10** Some of the reductions in logistics personnel in the three Services are attributed by Defence to reductions in non-operational logistics, which have been transferred to industry. No detailed figures on the split-up of personnel reductions at the various levels of logistics were available. However, there was a widespread view among Defence logisticians that operational logistics had not been regarded as a necessary part of the strategic command planning process and both unit and force logistics stocks and personnel *had been decimated in the force structure reviews of the early 1990s*.<sup>36</sup>

<sup>36</sup> Colonel B. Breen (Operations Analyst, Land Headquarters), Lessons From ADF Short Notice Offshore Operations: Logistic Case Studies, ADFA Seminar.

**4.11** A report to the Chiefs of Staff Committee (COSC) in September 2000 stated:

*Ongoing organisational rationalisation, particularly at force level, has resulted in severe limitations in critical skill areas, such as [sea and air] terminal operations, which are virtually impossible to reconstitute for short warning contingencies... There is an imbalance between the ADF's combat capability and its organic logistics support capability.*<sup>37</sup>

## Logistic environment in East Timor

**4.12** Although East Timor in some respects was a relatively undemanding military operation for Australian military logistics support, it presented some unique challenges which shaped the logistical operating environment for the East Timor deployments. Initial assessments of East Timor revealed that, due to the destruction of the civilian infrastructure, there was very little host nation support available. This meant that deploying troops would need to be provided with enough logistic support to be completely self-sufficient, providing basic amenities such as water, sewage disposal facilities and equipment that ranged from vehicles to building materials.

**4.13** Furthermore, East Timor is dominated by a rugged central mountain spine. Roads are often steep, narrow and poorly maintained, and are subject to wash-aways in the wet season, making logistic supply by road slow and dangerous. Another significant geographical constraint was that there are only a few beaches suitable for deploying logistic stores, using Logistics Over the Shore (LOTS) operations. Adding to the logistical obstacles for the ADF was the fact that East Timor had only one deep sea port (Dili port, which has a maximum depth at the quayside of seven metres) through which large amounts of heavy logistics could be deployed and only three useable airfields.

## Lessons from previous deployments

**4.14** Fundamental logistics obstacles and problems of the kind identified in the East Timor deployment had been identified in Australian deployments in Somalia and Papua New Guinea.

**4.15** The ANAO found that, for example, compartmentalisation of information was identified in Defence as an obstacle to the logistics function in *Operation Lagoon* in Bougainville in 1994. The ANAO understands that the ADF logistics element was largely excluded from Defence Headquarters planning

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<sup>37</sup> National Support Division and Joint Logistics Command, COSC Agendum No 23/00 : National Support and Theatre Sustainment—Lessons from East Timor, 7/9/00, p. 2.

and was given less than six weeks to mount a multi-national peace operation, placing strain on logistics planners. In *Operation Lagoon* and *Operation Bel Isi* (both on Bougainville Island, Papua New Guinea), and *Operation Solace* in Somalia in 1993 it was reported that the logistics movement system had been unresponsive and inefficient, resulting in, among other things, failure to supply vehicle maintenance parts when required. In particular, military commanders reported being let down by the re-supply system. This is reflected in the following comment:

*The most disappointing aspect of the failure of the ADF logistic system to support Operation LAGOON adequately was that these deficiencies had been identified during Operation SOLACE the year before.*<sup>38</sup>

**4.16** The need for improved bulk liquid distribution capability was highlighted in Somalia in terms of fuel and water re-supply<sup>39</sup>. Frustration at long-term deficiencies in stockholdings and the lack of visibility of logistics stores and transport were also reported during the Somalia deployment. Both the Bougainville and Somalia deployments exposed ‘*systemic logistic and strategic movement weaknesses that were not rectified during the conduct of the operation*’<sup>40</sup>.

## Operational logistic structures

**4.17** Australian Defence Headquarters (ADHQ) argued that adopting ad hoc structures and processes in the operational environment for East Timor *had some distinct advantages* because:

*Experience has shown that some functions, processes and structures must be created specifically for the nuances of the particular crisis – the direct command by CDF [during INTERFET] is a good example*<sup>41</sup>.

**4.18** The discussion in Chapter 2 of this report shows that there is merit in the above proposition in respect of the command and control arrangements adopted by Defence for the East Timor deployments. However, in examining the operational logistics structures used during the East Timor deployment, the audit team found that inadequacies in the logistic structures before the East Timor crisis required ad hoc systems and structures to be put in place to meet the logistics requirements of military operations. These arrangements presented significant problems, acknowledged by Defence in the following statement:

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<sup>38</sup> Colonel B. Breen (Operations Analyst, Land Headquarters), *Giving Peace a Chance: Operation Lagoon – Bougainville 1994*, Chapter 8, p. 9.

<sup>39</sup> Colonel B. Breen (Operations Analyst, Land Headquarters), *A Little Bit of Hope: Australian Force Somalia, 1993*, p. 28.

<sup>40</sup> *Ibid.*

<sup>41</sup> Australian Defence Headquarters, *Lessons Learnt From the East Timor Deployment*, April 2000, pp. 21 and 22.

*A considerable problem with dynamically creating structures and processes is that the authority of decisions and responsibility is often not recognised, particularly when staff have different expectations. Consequently there is duplication of effort at a time when resources are at a premium, and delays [are] produced by conflicting orders and advice<sup>42</sup>.*

### **Structural changes made in logistics**

**4.19** Defence's logistics elements went through significant changes during the East Timor deployment, while functioning '*with no agreed endorsed joint logistics command and control policy and procedures at the operational level.*'<sup>43</sup>

**4.20** Joint Logistics Command (JLC), Melbourne, had been established in 2000, with the merging of the Defence Acquisition Organisation and Support Command — Australia to create the Defence Materiel Organisation (DMO). Under that structure, the head of JLC, Commander Joint Logistics (CJLOG), was to oversee all designated logistics functions and ensure that JLC supplies the required logistics capability to Commander Australian Theatre (COMAST) to enable COMAST to meet CDF's operational needs.

**4.21** By September 2000, the Chiefs of Staff Committee (COSC) recognised that the East Timor deployment had highlighted inadequate involvement of logistics staff in the strategic planning process and that this had resulted in significant ramifications for supply chains. COSC directed that logistic staff be fully engaged in future planning processes to ensure combat support needs are fully met. Furthermore, COSC agreed that the 'strategic J-4' function would be performed by CJLOG. Defence advised the ANAO in February 2002 that CJLOG will have executive authority for deliberate planning<sup>44</sup>, but not for immediate planning, the second facet of Defence's strategic planning process.

**4.22** During planning for *Operation Spitfire*,<sup>45</sup> Defence recognised that, given the existing command and control structures for operational logistic support, the theatre level logistics arrangements (logistic supplies into the theatre of operation) would be quickly overwhelmed and would not be sustainable for complex logistics support to off-shore operations. Unless each of the Services was to bring personnel and equipment for its own logistic support, a Logistic Component Commander was required to coordinate tri-Service logistic support

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<sup>42</sup> *Ibid*, p. 22.

<sup>43</sup> Joint Logistics Command submission to the ANAO, 12/7/01.

<sup>44</sup> See para. 2.40

<sup>45</sup> Operation Spitfire was the codename given to the evacuation of United Nations Mission in East Timor (UNAMET) staff who had been organising the 'popular consultation' process, Australian and other nationals from East Timor.

for *Operation Spitfire*. That position (LOGCC *Operation Spitfire*) was established on 26 August 1999.

**4.23** During the conduct of *Operation Spitfire*, Headquarters Northern Command (HQNORCOM), Darwin, found that it had neither the resources nor the authority to provide force logistic support for the large numbers of personnel transiting through Darwin for that operation. To provide that support, a forward mounting base under LOGCC *Operation Spitfire* was established in Darwin, in the form of a Force Support Group (FSG) located in HQNORCOM.

**4.24** FSG's coordinating role was intended to be an interim solution until more enduring Support Command – Australia's processes and commercial arrangements could be put in place.

**4.25** In relation to the INTERFET deployment, LOGCC *Operation Spitfire* was not officially notified of *Operation Stabilise*<sup>46</sup> (and Australia's part in it named *Operation Warden*) until 6 September 1999, one day after *Operation Spitfire* was launched. This cleared the way for force level logistic planning for *Operation Warden* to commence on 8 September (the deployment of troops under *Operation Stabilise* started on 20 September).

**4.26** On 17 September 1999, LOGCC *Operation Spitfire* was appointed LOGCC Australian Theatre (LOGCC AST) to continue to coordinate tri-Service logistic support throughout *Operation Warden*. This meant that COMAST, through LOGCC AST, was responsible to the CDF for the provision of logistics support for INTERFET.

**4.27** LOGCC AST in turn tasked the FSG to coordinate the receipt, storage and on-movement of all stocks passing through Darwin for *Operation Stabilise*. With this, the FSG, without any detailed guidance, went from an ad hoc group meeting a small-scale temporary need during *Operation Spitfire*, to the focus of logistics coordination in the forward mounting base of a major international operation.

**4.28** The attribution of responsibility for Forward Mounting Base logistics supply to the FSG was due to the absence of other suitable options in the existing logistics force structure. Initially, the existing Joint Logistics Unit North was proposed to take on this function. However, it was concluded that:

*...there were also deficiencies in the military logistic infrastructure in Darwin. The recently established Joint Logistic Unit – North (JLU –N) was structured to support local military units.*<sup>47</sup>

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<sup>46</sup> Operation Stabilise was the Australian-led, UN mandated multinational operation of the INTERFET.

<sup>47</sup> JLC audit submission, 12/7/01, serial 7.

## Lack of information and authority

**4.29** As observed earlier (paragraph 4.15), compartmentalisation of information and delays in authorisation to act on information received was an obstacle to logistic preparation. A Land Headquarters military operations analyst observed:

*Logistics staff in Canberra, Sydney and Brisbane were aware of these [plans for an ADF East Timor deployment] developments. However, they were not authorised to top up units and depots with stock, nor to purchase specialist equipment, nor to pre-position personnel, vehicles, equipment and stocks to northern Australia.<sup>48</sup>*

**4.30** The degree to which these constraints hampered logistic preparation was reinforced to the audit team by Land Systems Division, Land Command – Australia, Joint Force Logistics Agency, International Logistics, Joint Materiel Agency and Joint Ammunition Logistics Organisation among others. Key concerns were that:

- requests for advice from the strategic level could not be adequately met due to lack of information on requirements;
- due to exclusion from the planning information loop, logistics support issues were not given sufficient consideration in force structure planning; and
- logistics infrastructure and stores could not be prepositioned as well as might have been possible had there been longer notice and more detail of the deployment scope.<sup>49</sup>

**4.31** The diplomatic and security reasoning underlying the compartmentalisation of information was broadly accepted by logistic staff. However, HQAST, JLC and unit logistics staff criticised the arbitrary manner in which information restrictions were administered, claiming that it was excessive, that procedures for gaining admission into the information loop were bureaucratically cumbersome, and that exclusions in some cases showed a failure to recognise the importance of logistic element involvement during the planning phase.

**4.32** The implementation of significant changes in the logistics chain of command in an already strained operational environment caused some disruption, particularly in terms of the interface with HQAST Logistics Staff Officers. As a result, there was some confusion over command authority and

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<sup>48</sup> Colonel B. Breen (Operations Analyst, Land Headquarters), Lessons From ADF Short Notice Offshore Operations: Logistic Case Studies.

<sup>49</sup> JLC audit submission, 12/7/01.

duplication of effort between the strategic and operational levels. At the same time, joint logistics theory was embryonic and not well documented, understood or practised. The absence of authoritative documentation combined with the potential for multiple sources of advice from within Defence risked confusion over the crucial issue of logistics support for troop contributing countries.

**4.33** The changes to the logistics element structure outlined above indicate that the structures and systems in place prior to the East Timor deployment were not adequate to meet operational needs. Defence advised the ANAO that:

Logistics force structure and systems prior to February 1999 were structured for small scale short notice operations and longer term DOA [*Defence of Australia*] scenarios, and not for short notice large scale offshore deployments such as Op WARDEN.<sup>50</sup>

**4.34** As a result, logistic supply to the deployment relied on structural changes, which were made to work by capable and dedicated people working long hours to try to meet logistic requirements. The Commander INTERFET summed up the stress on the logistic system during INTERFET as follows:

*In the past the Australian armed forces have not had to invest in substantial deployable logistic capabilities. Our forces have relied on our major allies such as the United States and Britain. The logistic support for INTERFET was magnificent, but sustainment was not achieved without frustration and some failures. Frankly, if the ADF is required by the nation to go offshore again in a lead role or as a contributor to international military action, we will have to underwrite our operations with a responsive and effective logistic system with stamina. At the moment there is room for enhancement of our capability to support offshore operations. We succeeded in East Timor but our logistic engine was under extreme pressure most of the time.*<sup>51</sup>

## Supply systems

### ***Supply systems used for East Timor deployments***

**4.35** There have been three primary logistics supply systems used in the ADF's deployments to East Timor:

- Standard Defence Supply System (SDSS);
- Lotus Notes Interim Demand System (LNIDS); and
- Cargo Visibility System (CVS).

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<sup>50</sup> Chief Finance Officer, Chief Finance Officer Group Comments on ANAO Issues Paper No 2, FASCIR OUT/2001/, 27 November 2001, Annex A.

<sup>51</sup> Former Commander INTERFET, 20 June 2000.

**4.36** These inter-related systems were improved while used in support of ADF operations in Bougainville before the East Timor deployments. At the time of audit the systems were functioning in East Timor, providing the basis of a workable logistics supply chain for the deployment. They were operating satisfactorily in that clients did not experience deficiencies in the supply of operation-critical items. Clients stated that, when delays of critical items occurred, logistic staff across the supply chain went out of their way to remedy the situation. The systems allowed logistic staff to trace individual items through the supply chain. However, a deployable logistics supply system should be operable from the first day in the field. This was not the situation with the systems used in East Timor, which have required years of infrastructure development and alterations to become fully effective.

### ***Supply systems in place at the beginning of INTERFET***

**4.37** INTERFET post-operational reports and consultation with logistics personnel who were involved at the time indicated that the logistics systems at the time of the INTERFET deployment were not suitable for immediate stand-alone, in-field deployment. For example:

*HQAST, SC-A and the Services all indicated [that] inadequate and disjointed information management was an impediment to optimising supply chain management for East Timor (stand-alone systems were used to fill the gap). This situation has been known for many years.<sup>52</sup>*

**4.38** In examining the operation of the supply system at the beginning of the INTERFET operation, the audit team was advised by the system operators that, because of the large volume of supplies and the urgency to move them, the Cargo Visibility System was not used. The system was considered to be a hindrance, rather than a help, at a time when the requirements for essential supplies and the urgency in their delivery were highest.

**4.39** Defence's strategic, operational and logistic commanders and planners were aware that logistic support for a force the size of INTERFET could not be sustained for a long period. They therefore planned and acted to limit the duration and size of the deployment.

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<sup>52</sup> National Support Division and Joint Logistics Command, COSC Agendum No 23/00: National Support and Theatre Sustainment—Lessons from East Timor, 7/9/00, footnote 40, p. 4.

## ***State of Logistic support to East Timor deployments in 2001***

**4.40** The logistic support systems were first deployed to East Timor over two years ago, in September 1999. By the time of the audit field-work, the deployed logistics supply systems were bedded down in the logistics framework to a stage where operators were trained to use them on established communication networks. However, there were still problems such as occasional protracted downtime of systems, delayed supplies, inaccurate records, and equipment arriving without adequate documentation to enable them to be operated immediately.

**4.41** At the time of audit, Australian military commanders in East Timor (now under UNTAET) had confidence in the ability of the logistic support system to continue to provide the current level of logistic support. They praised the logistic support, both from the UN<sup>53</sup> and Australian sources, now being provided to the troops deployed in East Timor. That support had met the requirements of the tempo of operations, which had been relatively high in mid to late 2001 as a result of intensified pre and post election patrolling in East Timor. Any credible increase in militia activity, should it occur, was not expected to result in a greatly increased logistic demand from that required for current patrol activity. Military commanders had confidence in the ability of the logistic system to cope with such an eventuality.

### ***Standard Defence Supply System (SDSS)***

**4.42** The SDSS is the primary means by which East Timor based units achieve re-supply of most logistic items (except for explosive ordnance and materiel for non-military classes of supply). Items are requested through SDSS using catalogue numbers which identify each item. Once an SDSS demand is submitted, the item is sourced in the first instance from each unit's supporting warehouse. If the item is not stocked there, SDSS resorts to the Battalion Support Group Main (BSGM) in Dili, which is the main/default warehouse for catalogued items. If the item is available from the BSGM, the demand is satisfied through a warehouse transfer and unit issue. If the demand cannot be satisfied from BSGM, a wider search is conducted of Australian based warehouses, starting with the operational warehouse in Darwin. If the item still cannot be located, the matter is referred to the Fleet Manager to authorise procurement action. Not-in-catalogue (NIC) items on the SDSS are referred to the Defence National Storage and Distribution Centre (DNSDC), which in turn raises a Procurement Requisition with the National Fleet Manager.

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<sup>53</sup> UNTAET has responsibility, inter alia, for the supply of fresh rations and fuel.

### ***Lack of training and documentation***

**4.43** SDSS was deployed into the area of operations from the commencement of INTERFET. Initially, the system was not fully effective because, Defence advised, SDSS was not designed to be taken overseas, and it was not common throughout Defence. There were insufficient numbers of personnel trained in operating SDSS, and guidance documentation on the system was scarce. Defence also found that corrupt records were being created inadvertently by untrained and/or inexperienced personnel in the operational theatre with access to SDSS functions.

### ***Incomplete and unreliable information***

**4.44** As a record of logistic holdings and demands, SDSS was incomplete, because alternative methods for procurement of urgent items were being used (such as direct unit purchasing (DUP) and ad hoc distribution of available stores), or information on the system about the location of items in transit was not reliable due to faults in the CVS. The ANAO has reported elsewhere that SDSS continues to be unreliable for financial reporting purposes.<sup>54</sup>

### ***Duplication of demands***

**4.45** SDSS also suffered from instances of duplication of demands where personnel who are not confident in the system lodged repeated requests for the same demand. At one stage during INTERFET, there were over 8 000 unmet demands, many of which were duplications.<sup>55</sup> Demand satisfaction rates dropped as some SDSS demands were ignored under the assumption that they were duplicates.

### ***Items without catalogue numbers***

**4.46** A significant problem, particularly in the initial phases of SDSS deployment in East Timor, was that many items required by units did not have catalogue numbers endorsed on the demand requisition, or were NIC. Defence advised the ANAO that, during peacetime, units had become accustomed to Government credit card or DUP instead of the SDSS. As a result, over the past decade, many supply items have not been catalogued. Efforts have been made

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<sup>54</sup> ANAO, Audit Report No.1 2001–2002 Control Structures as part of the Audits of Financial Statements of Major Commonwealth Entities for the Year Ended 30 June 2001 p. 64. The report also commented (p. 145): '[Defence's] logistics system has major data integrity issues and deficient supporting business processes. In general, the operational and financial reporting (accountability) ramifications of these deficiencies are not well understood'.

<sup>55</sup> See Figure 5.

by JLC to remedy this by tasking a team to catalogue items on an ongoing basis. However, despite those efforts, there are still a significant number of items classified NIC and confusion over what some catalogued items are. This has resulted in the wrong items being sent, particularly for technical tasks such as engineering activities.

### ***Lotus Notes Interim Demand System (LNIDS)***

**4.47** LNIDS is a Lotus Notes-based logistics system which is deployable for immediate use in the field using satellite communications. In East Timor, LNIDS is typically used for raising Staff Demands for items for which there is no authorised entitlement for units. Staff Demands are also used where the demand is for high cost equipment, for an increase to capability, an addition to the UN Contingent Owned Equipment (COE) listings or where the demand requires intensive staff work.

**4.48** Once requests are submitted via entries into a standard template, often with attached documents as supporting evidence of a unit's needs, they are automatically sent to the appropriate logistics authority. From there, they can be sent up the line for consideration and approval with an edit history and each action agency's remarks recorded on the template. The originating unit can go on-line to view the progress of the Staff Demand at any time. The Australian National Command Element (ASNCE) in East Timor approves the demands, before forwarding them to JLC Operations for action. The Headquarters Australian Theatre Logistic Staff Officer has final approval authority of all staff demands. Once approved, dispatch dates and SDSS requisition numbers are also recorded on the original LNIDS request.

**4.49** The audit team found that, although SDSS is the Defence preferred logistics supply system, LNIDS was favoured as a means of submitting logistics requests by ADF personnel in the field as it is reliable, intuitive, fast and provides clear visibility of approval and action progress. In some instances, LNIDS was used instead of SDSS to request unit inventory items. This was not a desirable outcome, because of the duplication of effort in manually transferring requests from LNIDS on Lotus Notes to SDSS on the Defence Restricted network.

**4.50** LNIDS is not intended to be used as a record of official transactions. Nor is it intended to handle a high volume of transactions, because it is a more labour-intensive demand process (see paragraph 4.47) for which there are insufficient staff in the supply chain. The Chief Finance Officer's Group identified the absence of an audit trail in the use of LNIDS, stating that it took Support Command Australia and HQAST staff nine months to complete a reconciliation of support costs for INTERFET Australian and coalition forces. Consequently,

'until about September 2000, ADF did not know how much had been spent supporting INTERFET and the cost associated with raising and supporting a coalition' .<sup>56</sup> This hindered Australian claims for reimbursement of eligible coalition costs from the UN INTERFET Trust Fund.

### **Required Delivery Date (RDD)**

**4.51** When a demand is made on either SDSS or LNIDS, the originator enters an RDD. This, in conjunction with a Priority Group rating of one (being the highest) to four, indicates the urgency with which the item is needed and dictates the timeframe within which the demand should be satisfied. The priority rating is based on the Australian Standard Materiel Issue and Movement Priority System (AUSMIMPS), which comprises a complex system of various levels of designators used to determine further designation levels that are then grouped into Priority Groups.

**4.52** As a demand progresses along the supply chain via SDSS or LNIDS, the achievability of the nominated RDD for logistic items required in East Timor is assessed firstly by ASNCE and lastly by the agency responsible for procuring the given item. If it is assessed that the nominated RDD is not achievable, the demanding unit is to be advised through ASNCE of a revised RDD and why the original RDD cannot be met. At this point, the demanding unit can indicate whether or not the revised RDD is satisfactory.

**4.53** Previous Australian deployments, in particular *Operation BEL ISI* in Papua New Guinea in 1997–98, identified the *invisibility* of inbound stores as a major frustration for planning and for managing supply delays in the field<sup>57</sup>. To remedy this, Defence introduced a Cargo Visibility System (CVS) into the supply chain.

**4.54** The CVS is the means by which items processed through the SDSS or LNIDS are tracked through the stores and movements systems, until they reach their destination. CVS uses bar-code technology, but not at all points along the supply chain have bar-code equipment. Supply items are to be receipted onto CVS on arrival at the Force Support Group (FSG) in Darwin and the Battalion Support Group (BSG) in East Timor before being distributed to the demanding unit.

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<sup>56</sup> Memorandum FASCIR OUT/2001/31, op. cit.

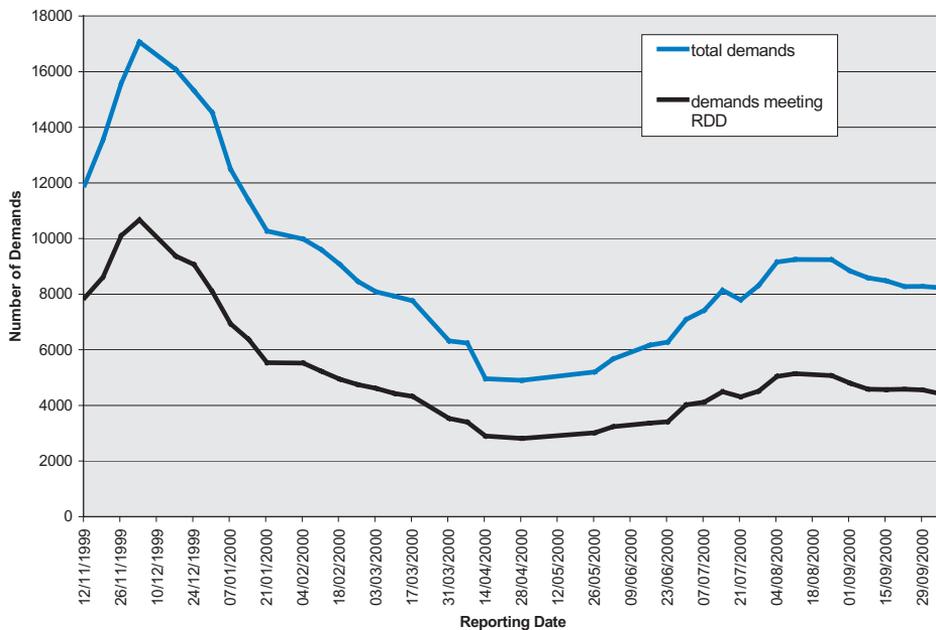
<sup>57</sup> Colonel B. Breen (Operations Analyst, Land Headquarters), Lessons From ADF Short Notice Offshore Operations: Logistic Case Studies.

**4.55** The CVS presented a number of problems during the East Timor deployments. As mentioned previously, information contained on the logistics supply systems was sometimes not reliable due to faults in the CVS. The faults arose largely from incorrect use of the CVS through lack of operator training or failure to record instances where items were unloaded on route. Similar to SDSS, the CVS had not been widely used by units across Defence before deploying to East Timor or Darwin in support of East Timor operations. This meant that there were periods in which the individuals assigned to administer CVS did not understand the need to scan items onto the CVS system at the various checkpoints in transit or on arrival at their destination. As a result, transactions were not electronically being closed and RDD satisfaction rates dropped significantly as there were no records of some items arriving at their destination.

**4.56** Figure 5 shows the RDD numbers satisfied out of total demand during the period November 1999 to October 2000. It shows that, during most of the period shown, only half the total demands were recorded as reaching users on the nominated required date of delivery. The proportion of RDDs met was about 62 per cent at the peak demand period late in 1999, about 50 per cent in mid-2000, where it remained. Comparable data for 2001 was not readily available.

**Figure 5**

**Required Delivery Date satisfaction rates for Operation WARDEN/TANAGER**



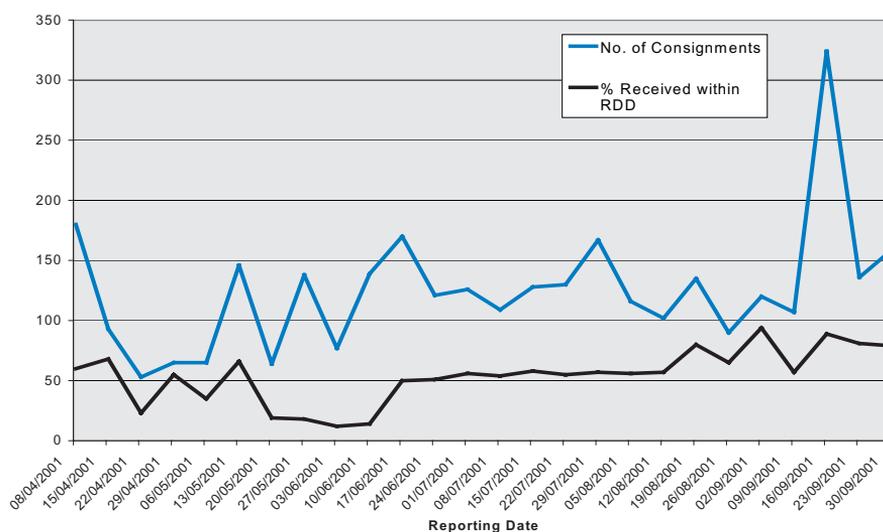
Note: The Figure includes centrally and locally procured items as well as not-in-catalogue items.

Source: Department of Defence

**4.57** Figure 6 shows RDD satisfaction rates for logistics consignments from Defence's primary warehouse, the Defence National Storage and Distribution Centre (DNSDC), to Dili during 2001. The figures show that the proportion of consignments received in their RDD varied from a low of around 12 per cent in June to a high of around 92 per cent in September, with significant variations in-between.

**Figure 6**

**Required Delivery Date satisfaction of DNSDC to Dili consignments 2001**



Source: Compiled by ANAO from information supplied by Department of Defence

**4.58** Defence explained that RDD satisfaction rates during the East Timor deployments were low because RDDs nominated by demand originators do not allow for additional time required to procure items that cannot be met from current stockholdings. In these cases, procurement occurs by way of *purchase orders*. The number of *purchase orders* increased by some sixty per cent between October 1999 and March 2000. A consequence of this, according to JLC, is that as soon as an item needs to be procured from outside existing stocks, it will fail to meet the RDD.

**4.59** This indicates that the RDD assessment, feedback and amendment processes carried out by the ASNCE and logistic procurement agencies is not working in practice, or that RDDs are not being met even when they do.

**4.60** Another problem identified in the audit was that supply items could drop out of the CVS system if they were unloaded unexpectedly or delayed in transit. Given the large number of movement priorities competing for transport

capabilities (see Movement and Transport later in this chapter), some cargo would be off-loaded in transit in favour of other cargo.

**4.61** The CVS does not give on-line visibility of items outside the major storage and movement depots. Consequently, during East Timor operations, logistics personnel were required to track logistic items which had dropped out of the CVS and had failed to reach their destination.

**4.62** Satisfaction rates are measured by comparing RDDs with the dates on which demands are registered as satisfied on the CVS. Using this measure, the logistic demand satisfaction rates throughout INTERFET and under UNTAET were poor. Further, data indicates that the satisfaction of *priority* demands was poor. When discussing this issue with logistics staff at HQJLC, NORCOM and HQAST, the audit team was told that failure to satisfy significant numbers of priority demands did not indicate that units had to wait for items which were vital to their operational capability. Rather, it indicated that demands for non-essential items were being given unnecessarily high priority ratings, and therefore short RDDs, by unit demand originators. Chief Finance Officer's Group commented for the ANAO that many of the RDDs placed on requirements by units did not fit the tactical situation in East Timor but were rather a response by individuals not prepared to believe that logistics systems would work.

**4.63** As evidence of exaggeration of priority ratings, Defence staff pointed out that, if a genuine *priority* demand is not satisfied in the required time, there would be detrimental repercussions for force capability and the unit would be unable to conduct its core business. However, there was no evidence of serious consequences for unit operational capability because of failure to meet *priority* RDDs, and therefore the items in question may not have really been *priority*.

**4.64** Similarly, a review of the ADF's operation in Somalia observed that, although some units may have been disappointed with the Australian logistics supply chain, no soldier went un-fed, no mission was cancelled, and, also,:

*no personnel [were] killed or injured in accidents that might have been attributed to operating vehicles and equipment beyond their servicing schedule due to a lack of spare parts or after impoverished repairs*<sup>58</sup>.

**4.65** That observation is equally true of the East Timor deployments but it overlooks an important issue. At theatre level, full logistic stores, and maintenance of all materiel to *serviceable levels*, is not required for the everyday functioning of military units. However, it is necessary to ensure that, when and if a military emergency arises, military units are in the best possible position to

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<sup>58</sup> Colonel B. Breen (Operations Analyst, Land Headquarters), *Lessons From ADF Short Notice Offshore Operations: Logistic Case Studies*.

react effectively. In an environment such as that in East Timor, where military emergencies may arise at any time, constant optimal readiness is important. During the East Timor deployments, comparatively few serious incidents arose and, when they did, the units involved made do with what they had. However, a logistics system which regularly meets the time requirements of its operational units places those units in a more advantageous position should they need to react to an emergency.

**4.66** Logistic demand in East Timor has been at a level expected of a low intensity military operation. Defence will need to assess whether the changes made to logistic systems and structures are sufficient to provide a '*responsive and effective logistic system*' to support the range of military requirements of Defence set by Government's strategic guidance.

### ***Defective materiel***

**4.67** The logistics supply chain includes a process for client reporting of unsatisfactory materiel, known as Report on Defective Unit Materiel (RODUM). For example, beginning in October 1999, dissatisfaction with the quality of some clothing and personal field items issued to Army personnel was reported on RODUM. The complaints related to unsuitability of some uniform fabric in tropical conditions. By February 2000 new uniforms had been tested and issued in response to the complaints.<sup>59</sup>

**4.68** Concurrently, as a result of examination of usage rates, Defence recognised in September 1999 that, due to the lack of laundry facilities and facilities for procurement of replacement underwear and personal hygiene items (such as razors, toothpaste, soap and combs), standard personnel issue of these items was insufficient. This problem was addressed by October 1999, when the then Support Command Australia (now Joint Materiel Agency of JLC) was authorised to supply a free clothing and hygiene replenishment entitlement for all Service personnel in East Timor. The personal hygiene items that were assessed to be in highest demand were aggregated into a *Personal Demand Pack* (which included items such as underwear, toothpaste and razors). This minimised the logistic workload for personal items by supplying a single packaged item instead of several individual items. The delivery of *Personal Demand Packs* commenced on 15 November 1999. Given improvements in facilities and available goods in East Timor, Defence is reviewing the need for the packs in their present form.

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<sup>59</sup> JLC audit submission, 16/8/01, Serial 16.

## Vehicle maintenance

**4.69** Throughout the ADF deployment to East Timor, backlogs of materiel maintenance have been a consistent problem. There are four primary causes of the ongoing backlogs:

- insufficient mechanical maintenance personnel;
- aging vehicle fleets which quickly deteriorate in rough terrain and tropical conditions;
- low levels of unit stockholdings at deployment<sup>60</sup>; and
- slow logistics supply of necessary parts.

**4.70** Different terms are used to describe vehicle condition. In general, ADF personnel differentiate between the term *serviceable* and *taskworthy*. A *serviceable* vehicle is fully functional, in good order throughout and up to date on required servicing. A *taskworthy* vehicle is one that may show signs of use in a rough operational environment but complies with safety standards and is capable of reliably carrying out the operational tasks required. Using these criteria, *urgent* repairs would be those required to make a vehicle *taskworthy*; *non-essential* repairs would be additional repairs or services required to make it *serviceable*.

**4.71** Therefore, the maintenance backlog levels must be qualified because some required repairs would be of a *non-essential* nature. The number of *urgent* repairs that could not be carried out, however, was great enough to warrant mention as a major concern in post-operational reports by ADF personnel serving in East Timor.

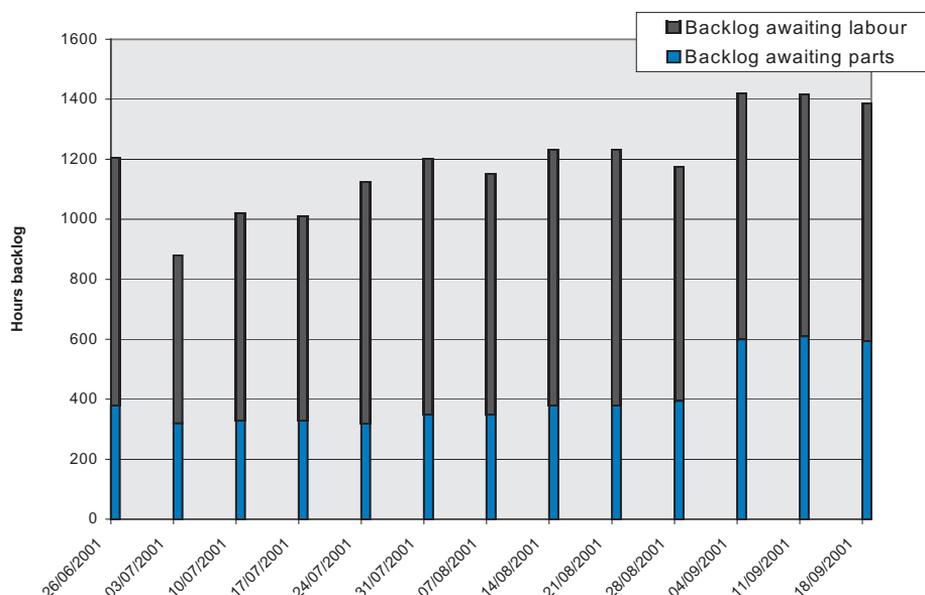
**4.72** Figure 7 provides an example of vehicle maintenance backlogs.

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<sup>60</sup> JLC audit submission, 12/7/01.

Figure 7

### Backlog of vehicle maintenance due to lack of spare parts and labour



Note: Backlog of vehicle maintenance is estimated by measuring the number of work hours that could not be carried out at Force Logistic Squadron (FLS) until the necessary parts or labour becomes available. FLS is the primary rear force level logistics supply facility in East Timor.

Source: Force Logistics Squadron.

**4.73** The ADF in general suffers from a lack of sufficient numbers of specialist skilled personnel, which has been highlighted by the difficulties in filling mechanical maintenance positions in East Timor. Defence noted that the ADF no longer has an apprenticeship program<sup>61</sup> to encourage the development of trades and that the attractiveness of Defence personnel with trades in the civilian market has contributed to critical shortages in some trade groups. Defence's Australian National Command Element (ASNCE) identified '*a shortfall of qualified tradesmen across certain trade groups that created a gap between the required and actual materiel maintenance asset output in East Timor. The military maintenance manpower in East Timor cannot be increased.*'<sup>62</sup>

**4.74** As a solution to the maintenance backlog, HQ JLC proposed, in September 2001, that military capability be augmented with civilian technical labour. It was proposed that a contract be put in place for the provision of the

<sup>61</sup> The Chief Finance Officer Group commented to the ANAO that the apprenticeship schemes failed because of our difficulty in attracting sufficient applicants, a situation experienced nationally.

<sup>62</sup> HQJLC, Operational Logistics Instruction 11/01, September 2001.

required labour by the end of October 2001, with ASNCE to verify that work has been completed and to report monthly to HQ JLC on the contract. Civilian technical labour has been used to address the backlog of *urgent* repairs as distinct from *non-essential* ones, although the proposed contract was still being negotiated.

**4.75** ADF vehicles in East Timor are part of an aging fleet. This, and the poor road conditions in East Timor and a heavy workload in a tropical environment, has meant that vehicle repair and maintenance has been a constant demand on the logistics supply chain. Defence noted that the ADF's General Service vehicle fleet is up to 25 years old and comes with the type and range of problems expected of a fleet that age, especially in East Timor's environmental conditions.

**4.76** Parts for some of the vehicles, such as the eight tonne Mack trucks, are no longer in production and must be specially ordered and made to meet demands, which has cost implications and slows the supply chain significantly. The ANAO in a 1999 report stated:

*As the existing GS [General Service] fleets age, the cost of spare parts will continue to increase. There is also likely to be delays in obtaining parts and more unplanned maintenance as vehicles wear out... Increases of 140 per cent for Unimog and Mack spare parts, in the transition from superseded to new parts, were highlighted in Defence correspondence in 1988.*<sup>63</sup>

**4.77** In August 2001 4 RAR Battalion reported that they:

*Currently have only two Mack Dumps [trucks] on the road, out of the five we have in theatre. Also chasing up the long list of outstanding demands (over 200) for engr [engineering] stores, many of which date back to April and May 2001.*<sup>64</sup>

**4.78** Delays in the supply of spare parts for materiel maintenance are largely due to insufficient stock holdings. Once a request is received, the required parts or tools must be ordered (often from civilian suppliers) before they can be placed in the supply chain for delivery. The result of these delays is that vehicles are unserviceable in the field for extended periods, in some cases significantly decreasing force capabilities.

**4.79** JLC advised the ANAO that it had only recently become aware of the delays in supplying spare parts for vehicles in East Timor. Its investigation identified wrong entries into SDSS in the operational area as the major cause of

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<sup>63</sup> ANAO, Audit Report No.41 1998-99 General Service Vehicle Fleet—Department of Defence, para. 5.31.

<sup>64</sup> Copy of correspondence provided by Colonel B. Breen (Operations Analyst, Land Headquarters), dated 3/9/01.

the delays in getting repair spare parts for vehicles. Inadequate access controls to SDSS had allowed untrained or inexperienced personnel inadvertently to corrupt data on the system. Remedial action would be taken to monitor access by individuals to SDSS functions, with possible disciplinary action for unauthorised accessing.

## Logistics across the ADF

**4.80** The land component of the Australian military deployment to East Timor was by far the largest element of its commitment. However, Air Force and the Navy also played an important part in logistic support, primarily in the coordination of logistic support elements such as fuel supply, port services and airfields for points of entry for Australian and other coalition forces, and the provision and protection of communications and other support for operations. This was in addition to providing opportunities for ground troops to rest and relax in the relative comfort of air-conditioned naval vessels with fresh rationed meals off shore at the start of INTERFET, when few facilities were available in East Timor.

**4.81** One of the primary tasks carried out by Air Force and Navy during East Timor was the provision of sea and airlift assets.

**4.82** Operations in East Timor emphasised the importance of ADF Service interoperability. In particular, the sustainment of effective combat capability on the ground relied upon joint logistics capability.

**4.83** The audit team noted advice from Defence personnel that logistics support in East Timor was mainly a test for Army. Air Force was used to support operations to and from airfields, and the logistic problems encountered in East Timor were not fundamentally different from those encountered in supporting air operations in military exercises undertaken regularly. For Navy, the logistic challenges posed by East Timor, similarly, were not fundamentally different from those in supporting naval deployments undertaken regularly. There was no evidence of major issues for the audit to address in logistic support for Air Force and Navy.

## Engineering

**4.84** The engineering aspect of logistic support for the East Timor deployment was hampered by two limitations. Firstly, during the brief planning phase for *Operation Warden*, DJFHQ could not provide an adequately senior engineering officer or staff group to provide input. As a result there was no force level engineering guidance included in the concept of operations for *Operation Warden*

when it was approved by Strategic Command on 7 September. The engineering concept was developed subsequently from within Land Command – Australia, utilising Army’s No.17 Construction Squadron, which had not been outsourced.

**4.85** Secondly, when the Construction Squadron was put on 28 days’ notice, it was not authorised to commence equipping itself. In the East Timor operational environment, where the infrastructure that had been systematically destroyed and needed to be rebuilt to support a large international force, the engineering units required additional equipment to enable them to carry out the required tasks. Beyond the initial deployment, the Construction Squadron in East Timor continued to be hindered by unsatisfied stock and equipment demands, which could not be met by an overloaded logistics system.

## Movement and transport

### Use of civilian infrastructure

**4.86** The Indonesian President announced on 12 September 1999 that the Indonesian Government would accept the intervention of a coalition force in East Timor. Only then was the ADF Movements element allowed to commence the immense task of mobilising the ADF transport system and securing civilian transport capabilities. As a result, ADF Movements staff had to secure commercial airlift and shipping capacity in a timeframe of days rather than weeks or months, as would be the normal commercial practice. Even when access to these capabilities was achieved, the fact remained that the scope for commercial operators to operate in an unsecured environment was limited.

**4.87** The limited timeframe was compounded by the distances involved, which meant that the ADF Movements element had to contend not only with transporting items and personnel from Darwin to East Timor, but also with transporting items across much greater distances from all over Australia to Darwin. For example, there were difficulties for the ADF Movements element because the available staff with the appropriate licences to transport engineering supplies to Darwin, though qualified, were not experienced in long haul transport. The Joint Movements Commanding Officer in Townsville was therefore reluctant to release his staff, but did not have the authority to employ a civilian contractor in their place. Eventually a solution was found by Movements HQ in Sydney, in the form of two Norwegian freighters off the coast of north Queensland whose operators were willing to provide their services.

**4.88** The ANAO understands that, as Australia’s transport industry had little or no surplus capacity, Defence needs were met by scheduling use of commercial

transport assets after normal working hours, use of coalition military assets and foreign commercial vessels.

**4.89** Defence chartered seventeen commercial vessels during *Operation Stabilise* to supplement its strategic lift capability. These were all foreign vessels, as Defence considered that the Australian equivalent did not offer best value for money. Logistic personnel stated that the Australian industry support that can be provided to assist Defence in meeting military surge requirements at short notice has been reducing over time as competitive pressures have led to optimal use of private sector assets and personnel. The reassignment of those assets and personnel from their normal commercial tasks to Defence tasks involved managing the requirements of long-term commercial customers while seeking to meet Defence's shorter-term surge requirements. This was often done through arrangements such as after hours ('back of the clock') use of commercial transport assets.

**4.90** The consensus of Defence logistics staff was that, during the East Timor deployment, Australian industry had made good efforts to meet Defence's requirements. Logistic staff had no evidence of notable cost escalation for the supplies sought during this period. (No comparison of vessel and aircraft charter rates for INTERFET with normal commercial rates after or before this time was unavailable.)

**4.91** Defence identified that infrastructure facilities in Darwin were placed under a great deal of pressure and that Darwin's port facilities required upgrading during *Operation Stabilise*. The Darwin Port Authority, which was responsible for running the port facilities throughout the deployment, indicated to the ANAO that, without incurring shipping delays, they increased port turnover by around 300 per cent during this period and had adequate capacity for ADF and coalition nation ships, as well as local and foreign commercial shipping. This capacity was managed by Darwin Port Authority staff with the assistance of one ADF Liaison Officer.

### ***ADF movements capability***

**4.92** All stock was channelled through FSG in Darwin prior to dispatch to East Timor. This placed a great deal of strain on the limited number of movements personnel, force-level logistics staff and the ADF and civilian transport assets in Darwin, but it facilitated visibility of the stock sent into the area of operation. This visibility minimised duplication, helped in monitoring consumption rates and made it easier to rank the supplies in priority order. This was essential for the success of *Operation Stabilise*, which was designed to put in place significant combat forces early in the deployment and minimise the 'logistic footprint' in relation to the combat capabilities.

**4.93** In addition, given the initially minimal unloading, storage and transport capabilities in East Timor, Defence planners could regulate the flow of supplies from Darwin and plan for their storage or distribution in East Timor. This enabled logistics planners to take responsibility for constantly *pushing* primary support items (combat rations and essential supplies) into East Timor for the first month, until mechanisms for *pulling* logistics supplies (based on demand from the forces deployed) into East Timor were established.

**4.94** Despite the tasking of FSG, the movements function in Darwin in support of *Operation Stabilise* suffered from confusion over movements authority and conflicting supply priorities. Early in the deployment, this resulted in extraordinary strain on the movements system, at which point the limited number of available movements personnel were directed to concentrate their assets on the transport of essential food, water and ammunition. Confusion over movements authority was observed throughout the deployment by a foreign contingent who reported as follows:

*Priority of shipments/movement of personnel set by JMCC [Joint Movements Coordination Centre] was sometimes questionable. This remained a major problem for the most part of the tour as priorities were changed on a daily basis, we saw pallets of beer being loaded on hercs [Hercules aircraft] while our NCE [National Command Element] vehicles were still waiting in the holding area at the airport. Darwin was a real bottleneck and it was felt on many occasions that the lines of Comm[unications] between INTERFET and AS [Australia] in DARWIN were non existent and that pers[onnel] in DARWIN had no authority to take decisions.<sup>65</sup>*

**4.95** The logistic coordination problems were exacerbated by interoperability issues between the movement assets of troop contributing nations. Uncertainty about the provision of these assets and their capability often meant that *movements 'staff were not able to reliably plan loads... [and] planned loads were frequently changed at the last moment'*<sup>66</sup>. Without a reliable CVS system, these unexpected changes caused confusion both at distribution centres and destination terminals.

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<sup>65</sup> COS Canadian Force, Canada: Post Operation Report Operation Toucan (Stabilise), February 2000, p. 5.

<sup>66</sup> Australian Defence Force Warfare Studies Centre, Theatre Evaluation Team—EM Movements and Logistics Evaluation, p. 2.

## **Fuel**

**4.96** *Operation Stabilise* relied on provision of aviation fuel to the area of operation. RAAF strategic airlift assets were not capable of providing enough fuel for both aviation activities and light armoured vehicle use. This meant that HMAS *Success*, and later the Canadian vessel HMCS *Protecteur*, became vital in providing this capacity. HMNZS *Endeavour* also played a part, by transporting aviation fuel from Singapore to the area of operations.

**4.97** Defence identified inadequacies in the ADF's capabilities for ship to shore transfer of bulk liquids, and arrangements had to be improvised. The methods employed in East Timor required ships, tankers on barges and bulk liquid containers and were labour-intensive, slow and unwieldy. In order to meet the capacity required, procurement of additional fuel containers and bladders was necessary.

**4.98** The development of increased Bulk Liquid Distribution capabilities is an on-going project under the Director General Land Development.

## **Stores and distribution centres**

**4.99** As discussed above, compartmentalisation of information and restrictions on authority to commence force preparation prevented logistics units from stocking necessary items. This situation was exacerbated by very low stock holdings, a result of the Defence logistic policy of purchasing and distributing 'just-in-time'.

**4.100** The impact of low stockholdings was exacerbated by the need to support some coalition member contingents with basic items in addition to the ADF contingent. For example, the Joint Materiel Agency (JMA) identified stockholdings as a major operational issue and emphasised that ADF stockholdings were not based on supporting a large contingent of coalition partners. The JMA also highlighted the additional demand of concurrent operations and exercises on logistic stockholdings.

**4.101** Defence identified a need to review peacetime stockholdings in deployable units and national storage centres, with consideration of overseas deployment usage rates. Evidence of the commencement of such reviews was found in the work being carried out at the primary ADF warehouse, the Defence National Storage and Distribution Centre (DSNDC), to identify recurring demand items for units in East Timor, and the maintenance of these items on the shelf.

## ***Stockholding policy***

**4.102** Defence has been attempting for many years to determine appropriate levels of stocks. This is an important prerequisite in determining preparedness to meet credible military contingencies.

**4.103** A 1993 audit report on explosive ordnance (EO)<sup>67</sup> commented that stockholding policy had not been articulated. A recommendation was made in the report that:

*Headquarters ADF provide explosive ordnance stockholding policy guidance as a matter of priority so that the Services do not continue to work in isolation with individual stockholding policies that are not endorsed.*<sup>68</sup>

**4.104** Defence agreed to the recommendation in principle and expected that a comprehensive preparedness policy would be introduced in 1994 to provide a basis for an effective stockholding policy. An ANAO follow-up audit in 1995–96<sup>69</sup> found that limited progress on the 1993 ANAO recommendation had been made. It stated that overall guidance on Australia's Defence capabilities, including approved concepts of operations, contingency activity levels and usage rates, needed to be developed in order to facilitate the application of the stockholding policy. The ANAO considered that, of the outstanding recommendations, the full implementation of ADF EO stockholding policy should remain a priority. Defence agreed with the findings and conclusions of the ANAO's follow up report.

**4.105** The Vice Chief of the Defence Force in September 2000 directed that a statement of requirements for ADF explosive ordnance reserve stock holdings be developed by February 2001. A study report on Explosive Ordnance Reserve Stockholding was completed in March 2001, but its results were not considered to be useful. The reasons given for that outcome were as follows:

- There were no endorsed scenarios on which to base the work in the study.
- Because of other work commitments, there was no HQAST involvement and the study had to rely on work conducted by the Service Headquarters.
- Each of the Services had a different methodology for determining reserve stock requirements. Reasonable methodologies existed in each of the Services for determining annual training needs, but there were widely differing ways to determine reserve stocks if they were identified at all.

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<sup>67</sup> EO includes all munitions containing explosives, including bombs and warheads, missiles, ammunition and mines.

<sup>68</sup> ANAO Audit Report No.5 1993–94 *Explosive Ordnance, Department of Defence*, 1993.

<sup>69</sup> ANAO Audit Report No.8 1995–96 Follow-up Audit, *Explosive Ordnance, Department of Defence*, 1995.

- There was no standard materiel management approach and highly variable quality of data on prices and lead-times.

**4.106** It was concluded that sound results would require:

- endorsed military scenarios;
- agreed activity levels and usage rates;
- common approaches by the Services in calculating reserve requirements or endorsement of different approaches; and
- valid pricing and lead time data.

**4.107** Without these prerequisites, little point was seen in pursuing the study. Progress in developing a comprehensive agreed policy on stockholding remains limited. Defence advised the following to the ANAO in February 2002 in respect of the requirements stated in the previous paragraph:

- A paper on Australian Illustrative Planning Scenarios is to go to Chiefs of Staff Committee for formal endorsement as the prescribed list of scenarios for some aspects of planning. These would address some aspects of stockholding.
- In respect of agreed activity levels and usage rates, two major projects relevant to this issues are under development. Joint Operational Logistic Tool Suite, sponsored by HQ AST, is to completed by April 2002. It is a theatre level planning tool employing agreed activity levels and five levels (algorithms) of usage rates. The second project (the ADF Preparedness Planning Guide) is to be a web-based tool and a central repository of endorsed planning guidance. A prototype should be available by 1 July 2002 and completed by 1 January 2003.
- Obtaining valid pricing data and agreeing approaches by the Services in calculating reserve requirements are to be addressed as part of the above-mentioned activities. Obtaining valid provisioning lead-time data was an on-going responsibility for JLC.
- As to Defence's Explosive Ordnance Reserve Stockholding, Strategic Logistics was preparing a submission for consideration by the Defence Capability and Investment Committee in February 2002 to address the shortfalls in ammunition stock holdings and the requirements stated at paragraph 4.106 above.

### ***Streamlining the supply chain***

**4.108** Defence identified areas for improving the supply chain for East Timor. JLC advised that SDSS would be changed to electronically bypass JLU (N) in

Darwin as the main replenishment warehouse for the warehouses in East Timor. Bypassing would result in shorter supply times and reduce the burden on JLU (N) by removing one 'warehousing leg' of the supply chain.

**4.109** It is proposed that supply items will be consigned directly from DNSDC or the Southern Logistics Group, and freighted through Darwin, to East Timor. Stocks would be held in Darwin only as reserves in case of a break in the supply chain.

## Civil/military matters

### **Defence industry networks**

**4.110** A JLC submission to the ANAO observed that:

*Stockholding in deployable army units were not adequate nor were depot inventory levels in some inventory lines. This placed a high demand on the procurement cycle for inventory items where there were no existing vendor arrangements. The common peacetime practice of using...the local (Australian) infrastructure reduced the knowledge of usage rates.<sup>70</sup>*

**4.111** Compartmentalisation of information prior to the INTERFET deployment meant that logisticians did not have the benefit of lead-time to put in place specific civil military arrangements for supply and movement of materiel for East Timor. This left them with a 'just in time' reliance on the availability of items from local vendors, such as buying from the nearest hardware shop. The lack of industry networks and standing arrangements geared to the logistic supply requirements of the East Timor deployment necessitated the establishment of mechanisms for replenishing or compiling stockholdings at short notice during the East Timor deployment, often without time to ensure best value for money. When mechanisms of procurement could not be immediately established, the impact was delays in logistic supply.

**4.112** An internal report in September 2000 on the lessons from the East Timor deployment acknowledged that:

*Support provided to the ADF by the commercial support base [during the East Timor deployment] demonstrated the importance of having tested and working agreements and arrangements in place...The capacity of Australia's isolated national infrastructure is relatively fragile...[so] it is essential that defence remain engaged at the Federal, State/Territory level of government, and with industry, and that it carefully considers the*

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<sup>70</sup> JLC audit submission 12/7/01.

*expanded employment of contractors at secure locations around mainland Australia, during contingencies.*<sup>71</sup>

**4.113** This approach is encompassed by the principles of mobilisation and requires ongoing civil/military initiatives to ensure that *'the ADF and the civil infrastructure have flexible processes and the capacity to surge to support increased ADF activity.'*<sup>72</sup>

**4.114** In the Northern Territory (NT), there were two civil/Defence networks in place at the time of the East Timor deployments. They were established to facilitate the civil/military procurement process. These were in addition to arrangements made by NT Government departments, which facilitated industry involvement in support for the deployment. The networks were INDEF (Industry-Defence), which is a NORCOM sponsored initiative, and the network established by the DMO Regional Office in Darwin (previously Defence Acquisition Regional Shopfront NT).

**4.115** NT industry readily offered its services in support of the East Timor deployment. This is demonstrated in the NT Department of Asian Relations and Trade report produced in April 1999<sup>73</sup>, which sets out the infrastructure and services which the NT government and industry could provide as the host of an operational Forward Mounting Base. During the initial phases of UN activity in East Timor, demand on local supplies was also created to support UNAMET activities, with local stocks of many items selling out completely. When numbers of ADF, UN and NGO personnel in both Darwin and East Timor increased under INTERFET, Defence's local purchasing was redirected to Sydney *'to ensure the continuity of supplies.'*<sup>74</sup>

**4.116** ANAO consultations with NT industry stakeholders indicated that local businesses benefited from their involvement with the ADF in the East Timor deployment. NT businesses learnt valuable lessons in large-scale provision of services and supplies, and identified future business opportunities for synergies and expansion.

**4.117** An independent report commissioned by the NT Government confirmed these findings. The report concluded that there was an average increase in

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<sup>71</sup> National Support Division and Joint Logistics Command, COSC Agendum No 23/00 : National Support and Theatre Sustainment—Lessons from East Timor, 7/9/00, p. 2.

<sup>72</sup> COL J.B. Wilkinson, Defence Preparedness in a Commercial Support Program Environment, Australian College of Defence and Strategic Studies, 20//96, p. 9.

<sup>73</sup> Northern Territory Government, Northern Territory Capability Statement—Support for East Timor, April 1999.

<sup>74</sup> CDF, INTERFET Report, May 2000, p. 12.

turnover of approximately \$1.4 million for each organisation that had major dealings with Defence during the East Timor deployment.<sup>75</sup>

**4.118** NT businesses indicated favourable perceptions of the role of the DMO Regional Office in Darwin and the relevant NT Government departments in providing a point of contact for industry and working to retain business activities related to the operations in the NT. NT industry perceived the DMO Regional Office's role as *pivotal*. However, there were indications that the DMO Regional Office and commercial networks in the NT could have been better used by the FSG at the operational logistics level to ensure more timely, accurate and consistent information flows, prolong locally procured support, and to take advantage of industry offers made via these networks to hold stocks of high demand items for the ADF.

**4.119** The ANAO understands that the DMO Regional Office in Darwin approached logistics procurement personnel posted at HQ NORCOM almost daily to offer assistance in securing commercial suppliers, but to little avail. This was particularly the case after the initial surge requirements, when establishing sustainment supply became the focus of the FSG personnel who had been posted to Darwin to help meet the requirements of the East Timor deployment and did not seem to be aware of the established local industry networks.

**4.120** An example concerned an offer by members of local industry, made through the DMO Regional Office early in the INTERFET deployment, to hold their existing stocks of generators until the ADF required them. When communicated to logistics personnel at HQ NORCOM, the offer was declined. A short time later, when generators were required for the operation, there were no remaining local stocks and supply was delayed until generators could be sourced and transported from afar. No doubt logistics personnel were under extreme time and workload pressure at the time but, had they used local civil/military networks and the local capabilities, their tasks may have been easier.

**4.121** ADHQ commented in correspondence that the INDEF capability was poorly used during INTERFET. INDEF had been involved in deliberate planning—contingency planning, capability mapping and exercises—but, when INTERFET arrived, much of that good work was forgotten, and the INDEF network ignored. This points to the need for Defence to ensure that it makes use of the networks established locally in setting up structures and in briefing personnel posted to regional areas to deal with a contingency.

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<sup>75</sup> New Focus Research Pty Ltd, *Impact of the East Timor Operation on Businesses in the Northern Territory*, June 2000, p. 1.

## ***Procurement and contractors***

**4.122** During the East Timor deployment Defence recognised that existing Defence procurement guidelines, contained in the Defence Purchasing Guidelines, DEFPUR 402, were not well suited to an operational environment. They require significant lead times and often complicate the desired outcome with legal requirements. Risk management analysis might indicate that it would be practicable to simplify the documentation and procedures required for one-off procurements in ADF operational situations.

**4.123** There are two significant obstacles to the use of civil contractors in areas of military operations. These concern delays and costs in preparing civilians to meet Defence requirements for deployment, and the potential liability involved in having civilians working for Defence in a non-secure environment. Legal obligations and Defence security arrangements under which commercial suppliers have to work in areas of operation had not previously been documented. Lack of guidance for engagement of civilians in support of the ADF in East Timor and concern for their safety caused Defence to minimise the involvement of civilian contractors in East Timor. However, Defence made timely and effective use of contractors in establishing valuable telecommunication links in East Timor early in the deployments.

**4.124** Lack of guidelines for engaging civilians significantly limited the potential for outsourcing of peace-keeping services and maintenance of amenities in the area of operations. Defence observed that opportunities to transition to contractor support were lost due to the lack of an endorsed policy. To remedy this, a Defence Instruction on civilian support for ADF operations was signed in October 2001.<sup>76</sup>

## ***Containers***

**4.125** The issue of containerised transport of items for overseas deployments has emerged as a result of the East Timor experience. The ADF previously relied predominantly on pallets for transporting cargo. During the East Timor deployments, containers were preferred as they were sturdier; had greater capacity; could be refrigerated for fresh food rations and pharmaceutical supply; and had become the common form of commercial transport. However, containers posed a problem for movements and logistics staff as ADF ship-to-shore movement capabilities were primarily geared towards handling palletised cargo. Defence has identified an ADF's requirement to acquire forklifts and trailers

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<sup>76</sup> Defence Instruction (General) OPS 5-3 Civilians in Support of Australian Defence Force Operations 22 October 2001.

capable of container handling for future operations. The ANAO also notes Defence's advice that, for military air transport, pallets are still required as ADF air lift assets cannot carry commercial-size containers.

**4.126** Management of commercially leased containers, particularly their return from the field, has become a contentious issue for Defence. Defence is aware that a significant number of containers have not been returned from East Timor, as they have been damaged or are being used for other purposes such as storage or accommodation.

**4.127** JLC advised the ANAO that a Container Management Cell operated in East Timor in early days of INTERFET. The cell was tasked with overseeing all aspects of containers, including their return to Australia. At the time of the audit, the cell no longer existed and no evidence of its activity could be found. Defence was to maintain a log on all container movements, using serial numbers and condition reports.<sup>77</sup> Such records, and hence documentation on the total number of containers in the field and those unaccounted for, could not be located. Defence was also unable to provide the results of a census of containers in East Timor undertaken by Defence in 2001.

**4.128** From the industry perspective, the return of containers is important in containing costs and continuing supply. Containers are costly to lease and replace (the audit team was quoted industry figures of \$5000–\$8000<sup>78</sup> for new 'dry' containers, and up to \$23 000 for refrigerated containers). The ANAO understands that, during the initial surge of demand early in the INTERFET deployment, some suppliers purchased or leased additional containers at their own expense to increase their capacity to meet Defence requirements. If containers are not returned, the businesses concerned cannot make use of them, but may have to continue to pay rent on them. In some cases they would have to meet the costs of purchasing additional containers. The ANAO understands that Defence is in dispute with a commercial supplier concerning payments for a large number of containers allegedly sent to East Timor and not returned.

## Conclusion

**4.129** The East Timor deployments occurred after more than a decade of Defence peacetime reform and rationalisation that had brought about significant reductions in personnel (including logistics personnel) in Defence. The deployments highlighted severe limitations in the ADF in critical skill areas,

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<sup>77</sup> Department of Defence, Amendment Number One UN INTERFET Forces Rations Standing Offer, October 1999, Appendix 1 to Annex A, 1.4.6.

<sup>78</sup> Defence quoted about \$1500 as the cost of a basic container.

such as sea and air terminal operators brought about by organisational and personnel rationalisation.

**4.130** Systemic logistic and strategic movement weaknesses had been identified in previous ADF deployments offshore, such as Somalia and Papua New Guinea, but had not been remedied. When the East Timor crisis developed, Defence's logistic structures, systems and processes did not prove suitable to support the military deployments. New logistic structures and significant changes to systems and processes had to be put in place. The new structures, systems and processes led to uncertainty in authority for decisions and responsibility for functions; doubts about the reliability of the logistic system to deliver; and duplication of effort at a time when resources were at a premium.

**4.131** Nonetheless, from the beginning of INTERFET, the logistic support managed to meet the highest priority logistic requirements of the deployed force. This was achieved by drawing on allied and commercial logistic support, a move to pushing only the highest priority supplies into the operational theatre, reliance on the good judgement of operational and logistic commanders in setting priorities, and ad hoc arrangements such the use of tankers on barges for the ship-to-shore transfer of fuel. Elements of the logistic system such as the CVS at the height of demand were in abeyance because they were not suitable for use at a time of intense activity. Ad hoc improvisation worked, but was frequently labour-intensive, slow and unwieldy.

**4.132** In the two years since the initial deployment to East Timor, the logistic structures and systems used in support of the East Timor deployments have been improved and bedded down to provide a level of logistic support that is adequate for the comparatively low-intensity East Timor operations. Operators have been trained to use the deployed logistic systems.

**4.133** ADF commanders praised the efforts made by logistic personnel in seeking to meet the logistic requirements of the deployment. By the time of audit, they had confidence in the ability of the logistics system to meet expected levels of military activity in the area of operation.

**4.134** However, delays in the supply of materiel and the maintenance of equipment have persisted since the initial deployment to East Timor. In particular, deficiencies identified were:

- demands not being met by the required date;
- unreliability of data on SDSS;
- duplication of work by the need to input data manually on more than one logistic management system such as LNIDS and SDSS and largely manual

tracking when priority items do not arrive at the requesting unit on time; and

- delays in materiel maintenance because of shortage of maintenance personnel and delays in parts.

## Lessons to be learnt

**4.135** The need for a responsive and effective logistic system with stamina to sustain military operations is accepted in Defence. Defence will need to assess how well the logistic systems, processes and structures in place meet the military planning requirements set by Government's strategic guidance.

**4.136** Experience in East Timor showed that the early practical planning input of logisticians is just as important as strategy and tactics in ensuring success in military operations. The need for logistics staff to be involved in planning for deployment and sustainment of ADF personnel should be recognised early in future. This means that logistics and movement staff need to be included early in the planning information process.

**4.137** It is important that work being carried out in reviewing ADF stockholdings in deployable units and national storage centres reaches a useful conclusion. Significant effort is still required to establish a practicable Defence stockholding policy to guide that work.

**4.138** Logistic support to military deployments to East Timor highlighted the need for Defence to ensure that it avails itself of the civil/Defence networks established in the geographic areas supporting military operations and makes good use of local capabilities and resources.

## 5. Operational Performance, Personnel and Miscellaneous Matters

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*This chapter reviews the operational performance of the ADF deployments to East Timor, the systems put in place to learn lessons from the deployments and issues relating to personnel, preparedness for operations, force extraction, media and public affairs and information support.*

### How did the ADF deployments perform?

#### **Performance under INTERFET**

5.1 Post-operation reports of the INTERFET deployment indicate that the short time available for additional training and marshalling equipment and personnel left ADF personnel and units with capability deficiencies. Despite this, commanders' reports and field records show that the three Services of the ADF and civilian and military planners performed their task to high professional standards. Defence benefited to a significant degree from the sound fundamental military training (including leadership development) of ADF personnel, their ability to improvise and the broad international relationships developed and exercised by Defence civilian and military staff in the past. The combination of these factors helped overcome deficiencies in readiness evident at the time of the INTERFET deployment.

5.2 The Government's Defence White Paper stated that INTERFET:

*...was the largest and most demanding military operation by the ADF in a generation. It was a major achievement reflecting great credit on the men and women of the Australian Defence Organisation, and on the overall quality of their training, equipment and preparation.<sup>79</sup>*

5.3 In December 2000, the then Minister for Defence, in announcing his retirement from the Parliament, stated:

*Among the achievements associated with my time in Defence, I rate the successful INTERFET deployment of Australian troops as first and foremost ... The professionalism, dedication and skill displayed by ADF personnel in East Timor, Bougainville, the Solomon Islands and other peace-keeping operations...are of the highest standard.<sup>80</sup>*

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<sup>79</sup> Defence 2000—Our Future Defence Force (December 2000) para. 1.15.

<sup>80</sup> Defence Media Centre, Minister Announces Retirement from Parliament, 19/12/2000, MIN 388/00.

**5.4** The ADF's professionalism during the INTERFET deployment was demonstrated particularly by the troops and leaders<sup>81</sup> who responded well in conflict situations. Post-operational reports indicate that ADF personnel in East Timor gave measured responses to provocation and combined firmness, dissuasion and persuasion at strategic, tactical and operational levels. The reports show that professional attitudes were also demonstrated in the capacity of ADF personnel to improvise and work long hours in relatively primitive, uncomfortable and sometimes dangerous conditions (at their most trying at the beginning of the East Timor deployments).<sup>82</sup> Defence's efforts in East Timor were supported willingly and to good effect by the Department of Foreign Affairs and Trade and the Department of the Prime Minister and Cabinet and other agencies such as the Australian Quarantine and Inspection Service.

### ***Performance under UNTAET***

**5.5** With experience gained over time and the longer lead-times available to prepare ADF units deploying to East Timor in the UNTAET phase of the East Timor deployments, Defence has put in place measures to remedy readiness deficiencies in units before deployment and to train personnel to the standards required.

**5.6** At the time of the audit field work in 2001, Defence had put in place a well developed system of individual and unit predeployment preparation. The system included:

- comprehensive certificates of compliance with deployment prerequisites, such as medical and dental fitness and vaccination status, age requirements and individual readiness (eg weapon proficiency);
- welfare and family support aspects;
- attendance at an individual or group Force Preparation Course at the Deployed Force Support Unit – Darwin;
- rules of engagement and language training; and
- a standard series of scenario, command post and mission rehearsal exercises for battalion groups.

**5.7** The feedback on the performance of the Australian contingent obtained by the audit team from the Headquarters Peacekeeping Force UNTAET was very positive. The work of the contingent and the professional standards of

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<sup>81</sup> The citation for Commander INTERFET's award of Companion in the Military Division of the Order of Australia reads: for eminent service to the Australian Defence Force as the Commander of the International Force East Timor.

<sup>82</sup> These include 5th/7th Battalion (Mechanized), 5/7 (Mech) Post Operational Report Operation Warden/ Tanager: East Timor 7 Oct 99 to 21 May 00, 31/7/00 and Australian Defence Headquarters, ADHQ Lessons Learnt From the East Timor Deployment, April 2000.

ADF members were held in high regard by UNTAET personnel. Advice to the audit team from operational and logistic units in East Timor and the Australian National Command Element was that personnel deployed to East Timor were well equipped for their tasks. In particular, training was being provided to enable personnel to operate the administrative and logistic systems deployed in East Timor. There were satisfactory pre- and post-deployment systems for personnel, in particular better preparation and follow up medical measures to minimise the health risks inherent in the area of operation.

## Drawing lessons from the deployments

**5.8** The military deployments to East Timor provided a test of Defence capabilities, at short notice and in unique circumstances. The Government's White Paper *Defence 2000. Our Future Defence Force* states that:

*...Interfet also provided an invaluable opportunity to test and evaluate many aspects of our military capabilities, and to learn important lessons on how we could do things better. The Government has drawn on these lessons in this White Paper. (White Paper p 6, para.1.15)*

**5.9** Defence put in place a layered structure to draw out lessons from the military deployments to East Timor. This ranged from the Army History Unit deployment to East Timor on 29 October 1999, to a 12 person Land Operations Analysis Team from the Combined Arms Training and Development Centre (arriving on 16 November 1999). The latter's dual role was to collect short-term lessons to help prepare follow-on forces to replace the troops sent under INTERFET, and to gather information to be used longer-term in the formulation of military doctrine. It concentrated on operational and tactical issues. An Army Land Warfare Studies Centre's staff member carried out work on coalition performance both in East Timor and Australia, focusing on the impact of strategic issues on operational performance. The ADF Warfare Centre led a Theatre Evaluation Team to capture and analyse lessons at the operational level and validate joint military doctrine, training and preparedness guidance.

**5.10** At a higher level, lessons to be learnt from the INTERFET deployment were prepared for the Chiefs of Staff Committee on a broad range of subjects, including:

- issues relating to the support of the military operations from the regional, national and international civilian infrastructure, international military logistic support through international arrangements and agreements, and the ADF's ability to sustain operations;
- logistic command and control arrangements and the effectiveness of joint logistics management systems;

- shortcomings on Combat Service Support Capabilities and supply chain performance;
- personnel matters, including conditions of service, personnel tracking, welfare, health;
- coalition building and management;
- crisis management structures, coordination, communication and command and control matters;
- finance and resources; and
- media and public affairs.

**5.11** The East Timor experience also affected Defence's capability plans. In the public version of the Defence Capability Plan 2001–2010, projects mentioned which explicitly draw on the East Timor experience are:

- JP 126 Phase 2—Joint Theatre Distribution – points to the Bougainville and East Timor deployment experiences as having 'reinforced' deficiencies in the ADF's ability to distribute logistics, particularly in relation to asset visibility, logistic command and control, management information systems, physical delivery platforms and handling equipment (estimated expenditure: \$100 million–\$150 million by 2003–04);
- JP 2059 Phases 2A and 3—Bulk liquid distribution – addresses deficiencies in the ADF's ability to purify, store, transfer and distribute bulk quantities of fuel and water (estimated expenditure: \$50 million – \$80 million by 2005); and
- Land 121 Field vehicle fleet modernisation—Phase 2B is in progress and addresses capability deficiencies to be rectified in the East Timor deployment. (estimated expenditure: \$19 million by 2002–03). Phase 2C seeks to modernise selected elements of the current fleet of ADF field vehicles to extend the service life of those elements to at least 2015 (estimated expenditure: \$150 million–\$200 million by 2007).

## Personnel matters

### *Personnel tracking*

**5.12** Defence forces need to be able to track personnel going into and out of areas of operation. This is necessary to verify the whereabouts of personnel, inform relatives if necessary, ensure the payment of correct salaries and allowances, process claims for compensation (in September 2000, some 80 Defence claims for compensation were subject to verification of service in East Timor) and assess entitlements to awards and medals. Entitlements of ADF personnel serving or having served in East Timor are checked against a list of

personnel who served in East Timor. However, from the start of deployments to East Timor, there was no reliable system for keeping accurate records of the personnel going into and out of East Timor. In September 2000, 8800 personnel were on the Defence list of personnel who had served in East Timor. Defence found errors in detail in respect of more than half of the personnel listed.

**5.13** Defence recognised the problems caused by inaccurate records. PMKEYS (Personnel Management Key Solution) was expected to improve the situation<sup>83</sup>, but the system encountered problems in its introduction.

**5.14** An ANAO audit report in September 2000 noted advice from the Defence Chief Knowledge Officer's staff that:

*Operations in East Timor reinforced the need for commanders to have access to the information held in our business applications. These commanders had difficulty tracking personnel movement, producing deployment planning sheets and tracking logistics.<sup>84</sup>*

**5.15** The ANAO understands that Defence has been considering the use of 'smart card' technology to track personnel. However, Defence still lacks an effective system for recording the movement of its personnel into and out of an operational area, and a clear strategy on how to establish such a system.

**5.16** At the time of audit field-work, the Australian National Command Element (ASNCE) in East Timor was maintaining a personnel database, with manual entries of departures and arrivals. The information on this database was regularly reconciled against arrival and departure cards lodged at the point of entry/departure. The ANAO understands that the ASNCE database now forms the basis of establishing entitlements to medals, calculating leave and pay entitlements and UN allowances.

**5.17** Defence advised the ANAO that, in the period March to November 2001, HQAST validated the data compiled by ASNCE, through reconciliation of the personnel records with unit roll books, passenger movement manifests, air tasking orders, allowance and pay records and the various Service personnel information systems. This time-consuming process involved manual reconciliation of over 28 000 East Timor personnel movement records. HQAST, in consultation with Defence Personnel Executive, was seeking to integrate locally stored information with PMKEYS.

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<sup>83</sup> COSC Minute No.24/2000 of 19 October 2000, p. 2

<sup>84</sup> ANAO Audit Report No.11 2000-01 Knowledge System Equipment Acquisition Projects in Defence paragraph 4.19.

## ***Preventing minors from being sent on overseas deployment.***

**5.18** A CDF policy directive on deployment of ADF members under 18 years of age in areas of hostility states that, in accordance with Australia's obligations under the 1989 UN Convention on the Rights of the Child, and international moves regarding the minimum military recruiting age, the ADF will take all feasible measures to ensure that persons under 18 do not participate in hostilities.<sup>85</sup> The ANAO understands that there has been no specific legal obligation to do so, but Defence's long-standing policy and practice have been to ensure that, whenever feasible, under 18 year olds are not sent into areas of hostility.

**5.19** The policy directive requires that, in the case of units deployed at short notice, under 18 year olds are to be located to a safe area without undue delay. In November 1999, COMAST issued the Administrative Instruction for *Operation Warden*, which requires that Australian '*personnel under 18 years of age are not to deploy onto East Timor mainland*'<sup>86</sup>.

**5.20** The audit team found indications that Defence personnel under 18 years of age had been inadvertently sent to East Timor. In response to a request for details, Army advised that four under 18-year olds had been sent to East Timor during INTERFET. All four arrived in East Timor in the early phase of INTERFET, that is September and October 1999. The four cases are summarised below.

- One was discovered, shortly after arrival in East Timor, to be 17 years of age. He was returned to Australia within two days of arrival.
- Another turned 18 within two days of arrival but his unit was unaware of his age until after his 18<sup>th</sup> birthday. He continued to serve in East Timor.
- The third arrived in East Timor on 10 October 1999, had his 18<sup>th</sup> birthday on 16 December 1999 and served in East Timor to 22 February 2000. The fact that he had been under age for part of his deployment was not discovered until after his return to Australia, when databases were checked for that criterion.
- The fourth arrived in East Timor on 11 October 1999 and turned 18 on 23 October 1999. His commanding officer became aware that the member had been under age after the latter's return to Australia (18 January 2000).

**5.21** In two of the above cases, the oversight was ascribed to lapses in administration. The ANAO was not able to establish the causes in the other two cases.

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<sup>85</sup> CDF Policy Directive No.28 ADF Policy on Deployment of Members under 18 Years Old in Areas of Hostility, 31 May 1999.

<sup>86</sup> HQAST, COMAST Administration Instruction 4/99—OP WARDEN/STABILISE, para. 7, p. 17.

**5.22** Defence advised the ANAO that, from the outset of INTERFET, Air Force was cognisant of the restriction imposed on members under the age of 18 and that no underage Air Force personnel had been deployed to East Timor. Several Airfield Defence Guards were held back in Australia until they reached the age of 18 before being deployed to East Timor. The ANAO has no evidence of any Navy personnel under 18 years old being sent into the operational theatre.

**5.23** The ANAO understands that HQAST issued a direction early in 2000 for units in East Timor to check whether they had any under age members and to withdraw any found from the theatre. Defence has introduced a Commanding Officer's Certificate of Compliance to help ensure that personnel meet all deployment requirements to East Timor. The Certificate of Compliance, which is to be given to all personnel deploying to East Timor as part of their administrative instructions, lists in a prominent position the requirement for a deploying member to be at least 18 years of age. The certificates are to be presented by deploying personnel at the Force Preparation Squadron, Darwin. The Squadron is to ensure that deployment requirements are met.

**5.24** However, experience during INTERFET has shown that personnel, through administrative oversight, were deployed even though they did not meet all of the deployment requirements. The East Timor deployments also showed that operational requirements can cause personnel to be called to move before the establishment of administrative systems and force preparation units necessary to check that personnel meet all deployment requirements and prepare them for the deployment.

**5.25** Military postings can arise at short notice, creating a need to deploy units and individual personnel, with little time to establish administrative procedures. To help prevent any ADF personnel under 18 years of age being posted into areas of hostility, their personnel and posting papers could be clearly marked to exclude them from such postings.

## Preparation of troops for the deployments

### ***Unauthorised discharge (UD) of weapons***

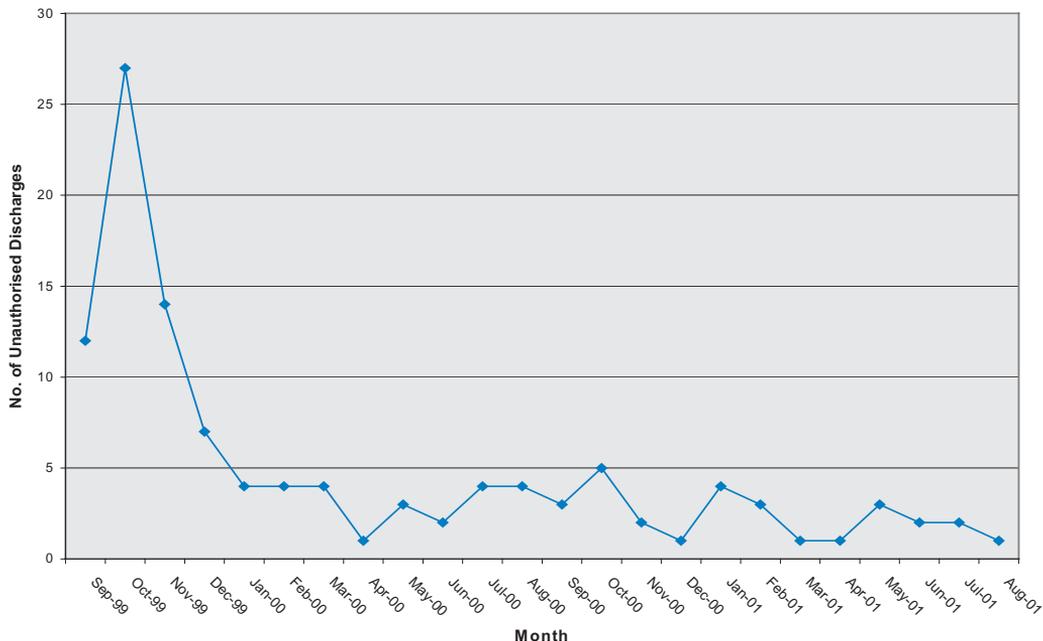
**5.26** ASNCE in East Timor has been responsible for compiling data on unauthorised discharges (UD) of weapons during the deployment. At 14 September 2001, there had been a total of 117 UD's recorded in East Timor (plus one which caused the death of an ADF member which will not be included in the recorded figures until the investigation and any subsequent disciplinary action under the *Defence Force Discipline Act* is concluded)<sup>87</sup>. Some 66 per cent of

<sup>87</sup> ASNCE—J3, Brief for ANAO on Unlawful/Negligent Discharge Statistics for AS FE for Operation Tanager, 21/9/01.

these discharges resulted from incorrect drills. Fifty per cent of the personnel responsible were of Private rank but only 37 per cent of all personnel deployed to East Timor were of Private rank or equivalent.<sup>88</sup>

**Figure 8**

**Australian Force Element Unauthorised Discharges in East Timor**



Source: Defence

**5.27** Figure 8 shows that the greatest number of UD<sup>s</sup> occurred early in the deployment (70 incidents in the 22 weeks of INTERFET but only 48 in the 81 weeks of UNTAET to mid-September 2001). The declining trend is consistent with trends in previous ADF deployments. UD<sup>s</sup> are more likely to occur during the first few months of a deployment when personnel are least familiar with their weapons and the environment in which they are handling them. A study noted this trend among ADF members during the Vietnam War deployment, when 48.9 per cent of the UD<sup>s</sup> during the first 12 months of deployment occurred in the first three months<sup>89</sup>.

<sup>88</sup> The total number of Private ranked personnel used includes all personnel ranked Private equivalent (ie. starting rank in all Army corps).

<sup>89</sup> Dr B. Hall, Accidental Discharges—The Soldier’s Industrial Accident in Vietnam and East Timor, Australian Defence Studies Centre, ADFA, in the Australian Defence Force Journal, 149, July/August 2001, p. 31.

**5.28** At the commencement of *Operation Warden* (September/October 1999):

- military units deployed within a short time of each other, consequently passing through their period of peak susceptibility<sup>90</sup> to UD's at about the same time;
- the units did not have the benefit of any predecessor unit experience to prepare them for the situation in East Timor;
- there had been a comparatively short preparation time for the deployment of these units, including integrating new personnel;
- the security risk in the area of operations was highest at that time; and
- ADF numbers were building up rapidly at that time.

**5.29** Given the above factors, it is not surprising that the incidence of UD's in the East Timor deployments was highest during October 1999.

**5.30** The study mentioned above indicates that no single weapon type was responsible for a disproportionate number of accidental discharges and that weapon design, including a given weapon's safety features, has not made a significant difference to the incidence of UD's.

**5.31** The study concluded that solutions to the problem of UD's seem to be best sought in factors other than weapon design and that, if possible, *'soldiers should be issued with blank ammunition...[in the pre-deployment training period] to allow them to begin their familiarisation with handling loaded weapons as soon as possible and to have their accidental discharges before they get into their area of operations'*<sup>91</sup> with live ammunition.

**5.32** The number of UD's varies with the number of troops deployed. The number of ADF troops in East Timor dropped from a peak of 5500 during INTERFET to about 1500 by mid-2001. The number of UD's in October 1999 and August 2001, viewed in terms of UD rates per deployed member, also show a marked decline. The ANAO's calculations show that UD rates in October 1999 were equivalent to one UD a year per 28 members (equivalent to 0.0357 UD per member per year). The August 2001 figure was equivalent to one UD per year per 139 members (0.0072 UD per member per year). The ANAO was unable to obtain benchmarking figures for UD rates. However, Defence should continue to seek to minimise the incidence of UD's and examine the feasibility of issuing blank ammunition as early as possible in the pre-deployment training period.

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<sup>90</sup> Ibid, p. 32.

<sup>91</sup> Ibid, p. 33.

## Training

### *Weapons proficiency*

**5.33** For the INTERFET deployments, ADF units had limited preparation time, particularly when they had to be reinforced from other units to achieve structures and numbers of personnel suitable for the intended deployment. This led to units being deployed before all of their personnel had achieved full individual and collective military competencies. For example, 5<sup>th</sup>/7<sup>th</sup> Battalion (Mechanized) Royal Australian Regiment was reinforced by 87 soldiers. Lack of sufficient training time, and arrival of some equipment too late for adequate training, meant that the Battalion left with deployment deficiencies judged by its commanding officer to have seriously affected its readiness and capability on deployment. Steyr rifles and some Night Fighting Equipment were still arriving in the last days before deployment, preventing adequate training. High-explosive ammunition training was hampered by the lack of availability of grenades. As a result, commanders had less confidence in soldiers' abilities to employ these capabilities on a peace enforcement operation, and they were therefore not used by the Battalion at the time.

### *Battle fitness*

**5.34** The 5/7 RAR's reinforcements mentioned above were also found to be lacking in battle fitness, which further delayed the Battalion's readiness while they received further physical training. This is consistent with a finding in a recent ANAO report that passing the six monthly Basic Fitness Assessment (a part of the Army's Individual Readiness Notice system) does not indicate that a member could be raised to a combat fitness level in 30 days.<sup>92</sup>

**5.35** Air Force advised the ANAO that, in its experience, personnel who had barely passed the minimal standards in physical fitness tests found it difficult to adapt to the tropical environment of East Timor and meet the arduous physical demands of the deployment. In addition, different interpretations on physical fitness standards and testing led to disparity between units. Testing needed to be standardised and rigorously applied to ensure an appropriate level of fitness for deploying members. This had been addressed in new protocols issued by Air Force.

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<sup>92</sup> Audit Report No.26 1999–2000 Army Individual Readiness Notice p. 14. The report also commented (page 10) that the Army Individual Readiness Notice system seems unnecessary for full time members in high-readiness units who maintain higher standards of individual readiness. The experience of preparing troops for the UNTAET deployments tend to confirm that those personnel met individual readiness requirements in the expected timeframes.

**5.36** The need for ongoing, compulsory physical and weapons training was highlighted in the East Timor deployments. The value of ongoing training in maintaining vital skills, fitness and resistance to illness was reinforced, especially in the context of longer deployments. Air Force noted that the embedding of Air Force Physical Training Instructors and weapon training specialists had ensured that these training requirements were met and maintained.

### ***Financial delegations and administration***

**5.37** Defence personnel deployed to East Timor noted a need for pre-deployment financial training, as there was significant confusion and lack of understanding regarding financial delegations and the accompanying procedures. Further, as mentioned in Chapter 4 in the context of logistics, personnel were inadequately trained in the use of the Standard Defence Supply System (SDSS), which led to a lack of visibility in the logistic system and backlogs of orders.

### ***Contract management***

**5.38** A Headquarters Strategic Command's study of the ADF's East Timor deployment found that:

*Most ADF logistic officers posted into operational level contract manager positions...do not have the education, training and skills to properly manage logistic support contracts... The skills of operational logistic personnel in negotiating and managing logistic support contracts need to be improved to ensure that contracts meet the needs of the ADF.<sup>93</sup>*

**5.39** The requirement to improve the skills of ADF personnel to negotiate and manage contracts was identified in a broad range of Defence reviews of the East Timor deployments.

### ***Cultural awareness***

**5.40** In addition to the conventional war readiness requirements, changes in the form and scope of recent Australian military operations highlight the importance of the implementation of specific training for peace-keeping missions.

**5.41** 'Lessons learned' reports in Defence show a wide recognition of the need for ADF personnel to have cultural awareness and language training to facilitate planning, intelligence gathering and population cooperation in the more likely

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<sup>93</sup> Strategic Command, Report by the HSC to the Defence Committee on the Second Order Impacts of the Defence Reform Program and the Commercial Support Program in ADF Ability to Deploy Forces in the Near Region Using East Timor as a Case Study, March 2001, p. 6.

geographic areas of ADF deployment. During the INTERFET period a number of units attempted, unsuccessfully, to acquire language and cultural awareness packages to supplement the pre-deployment familiarisation briefings. 5/7 Battalion (Mechanized) reported with reference to language and cultural awareness training, that:

*No training packages were made available 'through the system' for possible operations in East Timor at any stage during 1999.<sup>94</sup>*

**5.42** ADF units, before deployment to East Timor, made commendable efforts to gain a rudimentary understanding of the language and culture of the area they were about to deploy to, using commercial language schools and open source material.

**5.43** To provide standardised training, the Australian Theatre Joint Intelligence Centre produced a pocket-sized *East Timor Handbook*. This publication has since been issued to all ADF personnel upon deployment to East Timor. It sets out key historical, geographical, cultural, economic and political aspects of East Timor, as well as some basic language information, profiles of the Indonesian military, the UN organisational structure in East Timor and the various militias involved there.

**5.44** Information gathering, questioning techniques and conversing for civil-military relations purposes have been identified as a training need. Experience in East Timor of the interaction between ADF members and the local population has shown that vital information may be missed when these skills are lacking.

**5.45** Strategic Command commented to the ANAO that:

*Individuals should have focussed training prior to deployment on specific operations, however, there is a longer term approach that should be employed to develop a general understanding of cultural, demographic and geographic understanding of regional countries within which, [and with which] ADF personnel may be deployed.*

**5.46** It was noted in a number of reviews in Defence of the East Timor deployments that the ADF would benefit from personnel with skills in the languages of likely coalition members, or of the country in which operations may be carried out. These language skills are recognised as being crucial in avoiding misunderstandings and increasing operational efficiency.<sup>95</sup>

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<sup>94</sup> 5th/7th Battalion (Mechanized), 5/7 RAR (MECH) Post Operational Report, Operation Warden/Tanager, East Timor, 7 Oct 99 to 21 May 00, 31 July 2000, para.31 (d).

<sup>95</sup> Ryan, Dr. A, Achieving C3I Interoperability for Coalition Operations: Lessons from INTERFET, LWSC, Australia, 4/5/00, p. 8.

## Personnel conditions

### *Career management*

5.47 ANAO Audit Report No.35 1999–2000 *Retention of Military Personnel* mentioned the high separation rates of military personnel returning from peace-keeping operations overseas and recommended that Defence:

*commence actively managing retention of ADF members deployed to East Timor in view of the potential for military personnel to review their career options on return from an overseas deployment.* (Recommendation 3)

5.48 Defence agreed to the recommendation. ANAO Audit Report No. 41 2000–01 *Causes and Consequences of Personnel Postings in the Australian Defence Force*, recommended that Defence review its progress in implementing that recommendation, and similar recommendations. Defence agreed, but action has been limited.

5.49 In November 1999, the Defence Personnel Executive (DPE) detailed its concerns about the effect of the lack of a coordinated force mobilisation/sustainment plan for the ADF's involvement in East Timor. As a result of this lack of strategic guidance, the DPE observed that personnel management was:

*bogged down in contingency planning,... [preventing] workforce planning...[so that] disjointed planning has occurred based on rumour and assumption.*<sup>96</sup>

5.50 Throughout the East Timor deployments, DPE held concerns that there would be increased separation rates by returning members. As a result, a strategy was developed to manage this risk by increasing the availability of information on options for career development and trade transfers within the Army. A *Stay Army* web page was set up, as an information resource for soldiers and a tool for commanders in improving retention in their units. Furthermore, lateral recruitment and trade transfer options are being explored in an attempt to remedy shortfalls in some operation critical trades (discussed in relation to materiel maintenance in Chapter 4 of this report). In addition, the *Defence Annual Report 2000–2001* mentions the Defence Home Owner Scheme as one of a number of Defence initiatives seeking to attract and retain ADF personnel. The Report states that, of the approved loan subsidy applications, '36 per cent are for...members returning from East Timor.'<sup>97</sup>

5.51 Defence advised the ANAO that no figures have been compiled on the number of officers who have taken up corps transfer options, but anecdotal

<sup>96</sup> COSC, Agendum No. 24/00, Operations WARDEN and STABILISE: Lessons Learned

<sup>97</sup> Department of Defence, *Defence Annual Report 2001–01*, November 2001, p. 332.

evidence suggested that only a handful a year elect to transfer to a different corps. Army was compiling the number of Other Ranks personnel who had served in East Timor and changed their corps or employment category. No figure was available at the time of audit.

**5.52** Defence has undertaken a number of measures, such as conducting a survey of *The Psychological Impact of Peacekeeping Deployment*<sup>98</sup>, in addition to the initiatives discussed in paragraphs 5.50 and 5.51 above. However, those measures do not amount to a comprehensive strategy and action which would be required if Defence is to be actively managing the retention of personnel who served in East Timor. This needs to be part of a comprehensive strategy on recruitment and retention. The need for this is emphasised in a recent parliamentary committee report, which stated:

*7.9 The evidence gathered by the Committee during this inquiry was wide ranging. The picture of recruitment and retention gleaned from this evidence depressed the Committee. Unfortunately, the cold fact is that many of the conclusions from previous reports (as early as the Hamilton Report) remain valid.*

*It is an excuse for doing nothing; it is paralysis by analysis. All of the inquiries come up with essentially the same thrust. The most recent recommendations of the Defence Action Plan for People were little different to the Cross inquiry's recommendations.*<sup>99</sup>

*7.10 Everything the Committee discovered during the inquiry was already known to Defence. The evidence had been in front of them for quite some time. The conclusions and recommendations of previous reports have either been ignored or poorly implemented. Given recent national and international events, there is no longer time for procrastination. The Rubicon must be crossed now and not put off again as have decisions on crucial recruitment and retention issues for some 15 years, at great cost in personnel terms and expense to the ADF. The Department of Defence must develop and maintain strategies to recruit and retain qualified and experienced people to ensure our national security today and tomorrow.*<sup>100</sup>

**5.53** Defence advised the ANAO in February 2002 as follows:

- It now appears that earlier concerns with regard to retention of personnel returning from East Timor were unfounded. There has been no apparent change to separation behaviour since operations began in East Timor; indeed separation rates appeared to be gradually declining.

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<sup>98</sup> *The Psychological Impact of Peacekeeping Deployment*, Colonel Ian Johnston, ADF Psychology Organisation, undated.

<sup>99</sup> Dr Nicholas Jans, Committee Hansard, 20 September 2001, p. 693.

<sup>100</sup> Report of the Senate Foreign Affairs, Defence and Trade References Committee, Recruitment and Retention of ADF Personnel, October 2001.

- Defence has prepared a Defence People Plan as a comprehensive overarching personnel strategy that identifies the people challenges for the next ten years and matches resources to the specific initiatives required to meet that vision. The plan is to be endorsed by the Defence People Council in the next few months.

### ***Family welfare***

**5.54** Prior to the East Timor deployments, the coordination of welfare support for the families of deployed personnel rested with the Deployable Force Support Unit. The large increase in ADF personnel serving overseas, from several hundred to over 5000 in a very short time-frame, stretched that unit's resources beyond its capacity.

**5.55** In September 1999, the Defence Community Organisation (DCO) was charged by HQ AST with ensuring that appropriate family support was provided to families of deployed ADF members through the DCO's national service delivery network and with establishing a National Welfare Coordination Centre (NWCC). Lessons learned recorded by DCO after INTERFET, have resulted in increased consultation and improved coordination between HQAST and DCO. The NWCC has been operational since September 1999. It has a database which allows immediate identification of deploying units or ships (to the degree of security sensitivity considered appropriate) and the relevant families which may require welfare. NWCC has also taken responsibility for maintaining records of NWCC registration forms, which are filled out by every member prior to deployment to ensure accurate emergency contact information. Defence advised the ANAO that, due to the success of the NWCC, it would become a permanent joint force agency in support of all exercises and deployments.

### ***Conditions of service***

**5.56** The conditions of service for the East Timor deployment were determined by the declaration of the deployment as *warlike* and (unlike *Operation Bel Isi* in Bougainville or *Operation Trek* in the Solomon Islands) generally required personnel to deploy for about six months. In recognition of this the following *special provisions* have been put in place for personnel serving in East Timor:

- free, rather than simply subsidised, mail;
- an additional allowance called the *East Timor Peace Enforcement Allowance*, bringing the ADF allowances of members serving in East Timor as part of the peace-keeping force to \$125 per day; and
- entitlement to undertake Relief Out of Country Travel Fare Assistance (ROCTFA) to either a member's previous posting locality or to a destination (within Australia) to which their family has been moved at public expense.

**5.57** Inconsistencies between conditions of service for Defence personnel serving in East Timor who have and those who have not been assigned to *Operation Tanager* have been a source of some resentment among the latter personnel. Defence distinguishes between personnel who perform warlike service as opposed to peace-time type tasks. The latter includes tasks such as provision of sea transport to East Timor, Defence Cooperation training support and Defence liaison.

### ***Environmental health and accommodation***

**5.58** Environmental health is central to the provision of sanitary conditions for deployed troops as well as operational efficiency and high morale. Issues emerging from the East Timor deployment included:

- food storage, preparation and eating facilities;
- waste disposal;
- potable water supply;
- washing facilities; and
- sleeping accommodation.

**5.59** Addressing these issues, 5/7 RAR suggested that:

*a Construction Engineer group should follow closely behind any Australian contribution to an overseas deployment, to provide appropriate facilities early. This system was used by the Canadian Forces in INTERFET, no doubt based on their extensive experience in peace support operations.*<sup>101</sup>

**5.60** The ANAO notes that, during INTERFET, there were understandable delays in sending ADF engineers to East Timor, due to uncertainty about the engineering contribution to be made by other countries. However, once sent and supplied with materiel, the ADF engineers provided valuable assistance to both the civil community (particularly in sanitation) and deployed troops in providing safer and more comfortable working and living environments.

## **Health**

**5.61** The health risk to ADF and coalition troops deployed in East Timor was assessed as high due to the military threat, tropical climate and the presence of a wide variety of endemic diseases. Unit commanding officers were responsible for pre-deployment medical preparation of all ADF members in accordance with

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<sup>101</sup> 5/7 RAR (MECH), 275-1-3, 5/7 RAR Post Operational Report Operation WARDEN / TANAGER East Timor 7 Oct to 21 May 00, 31/7/00.

the Medical Checklist contained in the relevant HQAST Administration Instruction. The preparation is carried out by the member's servicing medical unit. Final pre-deployment checks of the Medical Checklist are carried out in Darwin by the Deployed Force Support Unit or, if the deploying unit does not pass through Darwin, by the unit itself. This procedure does not apply to Naval personnel, who are prepared by their parent Naval establishment.

### ***Preventative health***

**5.62** A directive by Commander INTERFET in October 1999 stated that, in the area of operations:

*Facilities exist to provide limited medical and dental care. It is therefore imperative that full medical and dental examinations are conducted, and any necessary treatment completed, before arrival in theatre.*<sup>102</sup>

**5.63** Field hospital reports during the INTERFET period noted generally poor compliance with pre-deployment medical and dental requirements of individual preparedness. One report stated that this imposed early pressures on dental and primary health care team workloads.<sup>103</sup>

**5.64** Contraction of tropical diseases by ADF members in the area of operations adversely affects the fighting strength of the deployed units and places a burden on the supporting medical treatment and evacuation assets in the field. The wide variety of endemic diseases to which ADF troops were exposed in East Timor included acute diarrhoeal disease, malaria, dengue fever, meningococcal meningitis, typhoid, scrub typhus, hepatitis A, B and C and Japanese Encephalitis Virus.

**5.65** Figure 9 shows the number of confirmed ADF cases of malaria and dengue fever in East Timor between September 1999 and February 2000. These figures do not include malaria cases diagnosed after a member's return to Australia. Defence advised the ANAO in February 2002 that, between 1999 and 2001, there were 362 notifications to the Central Malaria Register of diagnosis of malaria after a member's return to Australia from East Timor. An additional 65 cases were reported in East Timor.

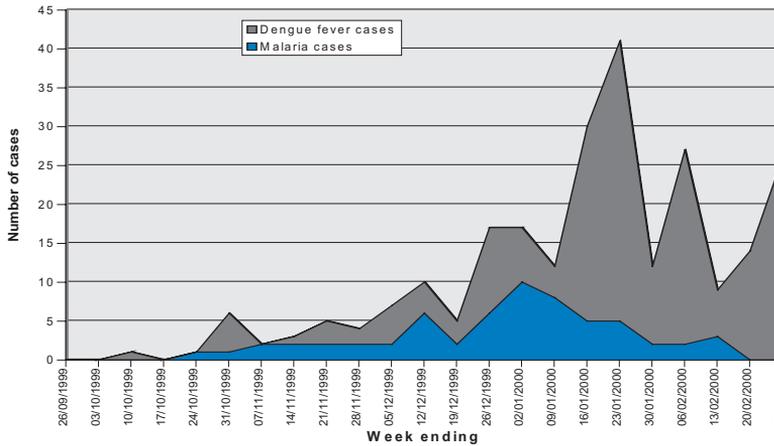
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<sup>102</sup> COMINTERFET Directive 1/99, INTERFET Theatre Reception Centre: INTERFET SOP C1-1 Theatre Reception Centre Operations, 31/10/99, Annex A to SOP C1-1, para. 4.

<sup>103</sup> Enclosure 1 to 1 FST (HY) 611-1-1, 1 FST (HY) Post Operation Report – Operation Stabilise, January 2000, p. 5.

**Figure 9**

**Confirmed ADF cases of malaria and dengue fever in ET September 1999 to February 2000**



Source: Department of Defence

**5.66** Following a visit to the area of operations to investigate a malarial outbreak during October–November 1999, the Army Malaria Institute (AMI) identified the following primary risk factors contributing to varying rates of vector-borne disease infection:

- the physical location of the unit (ie. level of civilisation, altitude, proximity to bodies of water, flora density);
- variance in levels of preventative activity (such as repellent fogging in the locality of unit accommodation, or diligence in administering preventative medicine); and
- availability of necessary chemicals to continue repellent treatment of uniforms and bed nets.

**5.67** Increases in the incidence of malaria usually coincide with greater exposure to mosquitoes during the peak mosquito breeding season, which occurs during the wet season from November to April.

**5.68** The audit team noted some indications of deficiencies in compliance with medical preparedness. Late in 1999 there was a reported decline in compliance with immunisation and medical documentation processes among personnel deploying through Deployable Force Support Unit—Darwin. In another instance, when arriving in Darwin on 2 October 2000, one ADF contingent during *Operation Concord* was estimated to have only half of its personnel meeting medical readiness requirements. Defence advised the ANAO

in February 2002 that, before late 1999, unit medical preparedness instructions and plans had met with distribution problems. These had since been remedied, with effective implementation allowing units to prepare personnel in advance. Compliance with medical requirements had improved dramatically.

**5.69** A Defence review during the UNTAET deployment attributed medical preparedness problems to the absence of a standardised mechanism to ensure compliance with vaccination requirements. How best to meet the requirements and the routine reporting of vaccination status was left to each Service.<sup>104</sup> In an effort to combat the significant number of personnel who were contracting malaria and dengue fever, East Timor Warning Cards were issued. The cards were issued by the Australian Directorate of Preventative Health as an accessible ready reckoner of preventative measures. In addition, pre and post-deployment cards were issued to alert any medical staff who may treat an ADF member who could have been exposed to the listed diseases. The number of ADF cases of dengue fever and malaria reported in East Timor has declined since a peak in January 2000. Defence advised the ANAO in February 2002 that, between 1999 and 2001, there were 362 notifications to the Central Malaria Register of diagnosis of malaria after a member's return to Australia from East Timor. An additional 65 cases were reported in East Timor.

**5.70** The East Timor deployments highlighted that information on the ADF's approach to managing the risk of tropical disease is essential for negotiations<sup>105</sup> with potential coalition participants.

### ***Surgical specialists***

**5.71** To maintain the required Level 3 surgical capability during the East Timor deployments, it has been necessary to use existing Reserve medical specialists, followed by active canvassing of civilian specialists, in order to meet shortcomings. The following vacancies in medical specialists occurred during East Timor deployments:

- general surgeon: 25 June – 30 July 2000 (36 days)
- orthopaedic surgeon: 23 July – 27 August 2000 (36 days)  
17 September – 22 October 2000 (36 days)  
4 February – 6 May 2001 (29 days)  
22 July – 26 August 2001 (36 days)
- anaesthetist: 10 – 29 July 2001 (19 days)
- intensivist: 2 April – 7 May 2000 (36 days)

<sup>104</sup> ADFAADS, reference No.010942JUN00, Force Preparation—Health/Admin Audit Policy and Procedures, OP TANAGER.

<sup>105</sup> COSC, Agendum No.27/00, Lessons Learnt Report—Coalition Building, 22/11/00, p. 4.

**5.72** Shortages of medical specialists need to be addressed before they emerge as a greater problem in a higher-level conflict. Among the solutions suggested in post-operational evaluations by Defence has been the accelerated induction into the ADF Reserve for medical specialists, to hasten their readiness for deployment when necessary.

**5.73** HQAST stated that the core function of deployed ADF medical staff is to:

- provide a fit and healthy military force;
- prevent military casualties; and
- treat military casualties.

**5.74** One of the major tasks of INTERFET was to facilitate the return of non-government organisations, including health care providers to East Timor, rather than to supplement the functions of the non-government organisations. Nevertheless, ADF medical personnel hours and resources were used to treat civilian patients with non-combat related injuries, illnesses or emergencies, which could not be treated in local medical facilities damaged, destroyed or overwhelmed during the East Timor crisis. 5/7 RAR reported at least three cases where the company medical officer had to deliver babies. In cases of peace-keeping deployments, medical training in such fields as childbirth and paediatrics may be a useful complement to military medical expertise.

### ***Field hospitals***

**5.75** The deployment and maintenance of ADF field hospitals during INTERFET was a major test of ADF movements capabilities, transport and supply capabilities and of ADF medical personnel capabilities. Defence post-operational reports indicate that ADF capabilities in this context proved to be of a high standard. For example, a field surgical team was deployed by air on 20 September 1999 and established at Komoro airfield. It was operational within two hours and saw its first patient within 36 hours of establishment.

**5.76** During the East Timor deployments some shortages of necessary medical supplies were noted, though none of these reports suggested serious deficiencies. Information to the audit team indicated that, at the time of the audit fieldwork, the medical supply system had been improved and was working well.

### **Force extraction**

**5.77** ADF overseas deployments in the past decade have raised the issue of force extraction processes to ensure that equipment returned from overseas deployments does not breach Australia's quarantine requirements. In Somalia

in 1991, a Force Extraction Unit was established to clean and inspect all ADF equipment before their return to Australia. Cleaning of equipment to meet Australian quarantine standards is a rigorous and time-consuming process, but one that is recognised as an essential part of any ADF deployment overseas. CDF noted:

*The Australian Quarantine Inspection Service (AQIS) demands for cleaning and inspection of materiel being returned from East Timor imposed a considerable cost on Defence.*<sup>106</sup>

**5.78** At the beginning of the East Timor deployments, the cleaning of equipment for AQIS inspection was the responsibility of individual ADF units. It was carried out as part of the standard procedures in preparation for returning to Australia.

**5.79** In December 1999 an ADF Force Extraction Team 1 (FET1) was raised to facilitate this process by providing administrative and cleaning facilities, procedural assistance and by processing ADF (and any foreign units that were redeploying through Australia) in preparation for redeployment. Equipment, including all vehicles, was dismantled and cleaned with high power jets to remove any soil, insects and plant seeds at three different locations in and around Dili. At the end of an exhausting six-month deployment, the task of dismantling and cleaning equipment proved to be demanding for unit personnel, who had no experience of cleaning equipment to meet AQIS standards. As a result, gaining AQIS clearance took units some time to achieve.

**5.80** FET1 ceased operations in March 2000 and was replaced by FET 2, which employed civil contractors rather than solely ADF personnel. The responsibility for the cleaning of most equipment was transferred from the home-bound units to the contractor. Even with a Commonwealth investment of \$250 000 in infrastructure works at a force extraction facility at Port Hera, east of Dili, this commercialisation greatly reduced the real estate and personnel liability for ADF force extraction requirements.

### ***Port Hera***

**5.81** FET 2 ceased operating in July 2000. To meet the force extraction requirements of the Australian Force Element serving under UNTAET, the force extraction centre at Port Hera was further developed from October 2000, using the same contractor. The new contract comprised the establishment of a single facility at Hera, combining equipment cleaning and storage facilities, transit

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<sup>106</sup> CDF, INTERFET Report, May 2000, p. 12.

accommodation and catering facilities for home-bound ADF units, a personnel de-briefing centre, a venue for AQIS inspection and port facilities.

**5.82** This combined commercial facility has proved to be a satisfactory model for a force extraction capability, particularly in an area of operation that has minimal existing infrastructure. In September 2000, Defence compared the cost of the contractor's provision of a force extraction facility in comparison with the cost of a Defence operated facility. It was found that, using the contractor, Defence would save \$14.06 per person passing through the force extraction process.

### ***Vehicle cleaning***

**5.83** The cleaning process can be destructive, especially to old equipment or vehicles which are already in a poor state of repair after a long deployment in rough conditions. The out-sourcing of equipment cleaning has provided greater continuity of personnel, and the operators have been able to improve cleaning methods over time to reduce equipment damage. This is in contrast to the various cleaning methods that would have been used by the inexperienced, fatigued members of home-bound units.

## **Media and public affairs**

**5.84** The Media Support Unit (MSU), a part of Defence's Public Affairs and Corporate Communications organisation, deployed on 20 September 1999 with 13 ADF personnel and 40 media workers as ADF accredited correspondents. By the end of the first day of the deployment, some 120 non-accredited media workers had also made their way to Dili, and by the third day some 250 were present in East Timor. MSU reached a peak staffing of 38 ADF members and one civilian in October 1999. The deployment of the MSU absorbed 90 per cent of the organisation's full-time military personnel, which left it without an effective rotation capacity. The use of reserve personnel alleviated that situation to a degree.

**5.85** Defence noted as part of its lessons learnt on the East Timor deployments that it did not have a strategic public affairs plan and that MSU arrived in East Timor with personnel not appropriately trained or prepared for operational deployment.<sup>107</sup> These inadequacies included non-compliance with readiness requirements, incorrect medical preparedness and lack of collective training. The Public Affairs and Corporate Communication organisation was not included in the CDF Preparedness Directive. Defence holds that, although Australia won the 'media war' domestically, there was no 'whole-of-government' approach

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<sup>107</sup> COSC Agendum No.33/00 Lessons Learnt Report—Media and Public Affairs, 3/11/2000.

on public affairs, nor was there a 'whole-of-coalition' approach and that the public affairs result in Australia's geographic region had been negative. Defence proposed to develop a public affairs doctrine by the end of 2000, and to validate it in Exercise Tandem Thrust in 2001. That doctrine should include a strategic public affairs plan.

**5.86** The Department of Foreign Affairs and Trade, in response to the proposed audit report, advised the ANAO in March 2002 that it did not agree that the public affairs result in Australia's geographic region had been negative. The Department said that it was clear that the East Timor deployment and the processes across government that led to it had provided a demonstrable and substantial boost to Australia's diplomatic and military standing in our region and beyond.

## Information support to the deployments

**5.87** The scope of the audit did not include a review of Defence's intelligence advice to Government and the national intelligence machinery. Defence has reviewed intelligence support to the East Timor deployments and the ANAO understands that, since INTERFET, structural and resource changes have been made to Defence intelligence and security capabilities.

**5.88** The Australian contingent in East Timor at the time of audit fieldwork advised the ANAO that deployed ADF assets have very good intelligence support through deployed ADF systems.

**5.89** Military geospatial information on East Timor for INTERFET was of great importance for the safety of deploying troops and the effectiveness of their military operations. A multitude of products had to be prepared at short notice, for both ADF and other nations' troop contingents.

**5.90** At short notice, Headquarters NORCOM's Military Geospatial Information Section was more than doubled in size to 15 people (including a Navy hydrographer) and two computers were lent to the section to enable it to meet requirements. The augmentation seemed to have allowed the section to meet demand to a reasonable extent.

**5.91** However, at the time of audit, with the return of the computers and a reduction in personnel to six, the section advised that it was unable to repeat tasks it was able to perform at the beginning of the INTERFET deployment. Developments in software and data sizes and formats meant that its current computer holdings, purchased in 1996, left it with 256 MB of ram and 10 GB hard disk space, whereas current geospatial work applications required a minimum of one GB ram, 40 GB of local storage and one terabyte of server

storage. It is difficult to see how the six people in the section can work effectively and provide value for money for their work without the computer capacity necessary to operate contemporary geospatial applications. Practice on such applications would also seem necessary if the section is to provide effective specialist support in another military contingency.

**5.92** The importance of reliable military geospatial information (MGI) was highlighted by INTERFET troops identifying potentially hazardous errors in the Indonesian-produced maps. The ADF's one Topographic Survey Squadron provided an MGI capability in East Timor during INTERFET. However, with its withdrawal, and the transfer of responsibility for the issue and storage of maps to UNTAET Force Engineers, ADF units could not obtain MGI support in East Timor from February to April 2001. Map corrections had to be done manually and piecemeal, from battalion to battalion. ASNCE advised that this situation was remedied in April 2001 with the deployment of a two-person MGI detachment with 4 RAR, resulting in a dramatic improvement in the management of up-to-date GI, as well as enhancing the level of situational awareness and decision support.

**5.93** ASNCE complements the MGI detachment by part-time liaison of an engineering officer with HQ Peacekeeping Force (HQ PKF) on MGI and geomatic matters. This helps to close the loop between the tactical level of the detachment and the operational level at HQ PKF.

## Conclusion

**5.94** Audit fieldwork and analysis of Defence reports indicates that the short time available for additional training and marshalling equipment and personnel left Defence personnel and units with capability deficiencies. Despite this, commanders' reports and field records show that the three Services of the ADF and civilian and military planners performed their task to high professional standards. Defence benefited to a significant degree from the sound fundamental military training (including leadership development) of ADF personnel, their ability to improvise and the broad international relationships developed and exercised by Defence civilian and military staff in the past. The combination of these factors helped overcome deficiencies in readiness evident at the time of the deployment.

**5.95** The Government's Defence White Paper (2000) commented that INTERFET was the largest and most demanding military operation by the ADF in a generation and was a major achievement reflecting great credit on Defence personnel and on the overall quality of their training, equipment and preparation. The then Minister for Defence commented on the success of INTERFET and on

the professionalism, dedication and skill displayed by ADF personnel on the deployment.

**5.96** The ADF's professionalism during the INTERFET deployment was demonstrated particularly by the troops and leaders who responded well in conflict situations. Post-operational reports indicate that they gave a measured response to provocation and combined firmness, dissuasion and persuasion at strategic, tactical and operational levels. Professional attitudes were also demonstrated in the capacity of ADF personnel in East Timor to improvise and work long hours in uncomfortable and sometimes dangerous conditions (at their most trying at the beginning of the East Timor deployments).

**5.97** The work of the Australian contingent during the subsequent UNTAET deployment and their professional standards were held in high regard by UNTAET personnel.

**5.98** In the period since INTERFET, Defence put in place a well developed system of individual and unit pre-deployment preparation. Advice to the audit team from operational and logistic units in East Timor and the Australian National Command Element was that personnel deployed to East Timor were well equipped for their tasks. In particular, training had been provided to enable personnel to operate the administrative and logistic systems deployed in East Timor. There were satisfactory pre and post-deployment systems for personnel, in particular better preparation and follow up medical measures to minimise the health risks inherent in the area of operation.

**5.99** Defence put in place a layered structure to draw out lessons from the military deployments to East Timor. This ranged from historical personnel to sizable teams of operational analysts working in East Timor. A Theatre Evaluation Team was formed to capture and analyse lessons at the operational level and validate joint military doctrine, training and preparedness guidance.

**5.100** At a higher level, lessons to be learnt were prepared for the COSC on a broad range of subjects, from logistic support, command and control arrangements, finance and resources to media and public affairs. The East Timor experience also affected Defence's capability plans. Capital projects which explicitly draw on that experience are Logistic Joint Theatre Distribution, bulk liquid distribution and field vehicle fleet modernisation.

## Lessons to be learnt

**5.101** Defence needs to be able to track and maintain records of its personnel going into and out of areas of operation. The systems in place relied on time-consuming processes of manual entries and reconciliation. Defence lacks an

effective system for recording the movement of personnel into an area of operation, and a clear strategy on how to establish such a system.

**5.102** There were four instances of under-age ADF personnel being sent to East Timor, despite Defence's instructions intended to prevent that from occurring. Military postings can arise at short notice, creating a need to deploy units and individual personnel, with little time to establish administrative procedures. To help prevent under-age personnel being posted into areas of hostility, their personnel and posting papers could be clearly marked to exclude them from such postings.

**5.103** From February 1999 to September 2001 there were 117 unauthorised discharges of weapons, mainly as a result of incorrect drills, by ADF personnel in East Timor. There was a declining trend consistent with trends in previous ADF deployments. Defence should continue seeking to minimise the incidence of such discharges and examine the feasibility of issuing blank ammunition to enhance the realism of pre-deployment training.

**5.104** For the INTERFET deployment, ADF units had limited preparation time, particularly when they had to be reinforced from other units to achieve the structures and numbers of personnel suitable for the intended deployment. Lack of sufficient training time, and arrival of some equipment too late for adequate training, meant that some units deployed with deficiencies in readiness and capability. In respect of individual battle fitness, some personnel needed further physical training. There was a need for physical fitness testing to be standardised and rigorously applied.

**5.105** Some deploying troops noted the need for financial training, and skills in negotiating and managing contracts. There was also a need for cultural awareness and language training and the training material to acquire the requisite knowledge and skills.

**5.106** Defence accepted the need for active management of the retention of ADF members with East Timor experience. Some measures have been taken by Defence to meet that need. However, those measures do not amount to a comprehensive strategy and action which would be required if Defence is to be actively managing the retention of personnel who served in East Timor. This needs to be part of a comprehensive strategy on recruitment and retention to address long-standing issues in this area.<sup>109</sup>

**5.107** Lack of compliance with medical preparedness requirements has been attributed to the absence of a standard mechanism to ensure compliance with vaccination requirements. The number of ADF cases of dengue fever and malaria reported in East Timor has declined since a peak in January 2000. Defence

advised the ANAO in February 2002 that, between 1999 and 2001, there were 362 notifications to the Central Malaria Register of diagnosis of malaria after a member's return to Australia from East Timor. An additional 65 cases were reported in East Timor.

**5.108** There have been shortages of medical specialists to fill vacancies in East Timor. These shortages need to be addressed before they emerge as a greater problem in higher level conflict. Accelerated induction into the reserves for medical specialists may assist in overcoming the shortage.

**5.109** At the time of the East Timor crisis, Defence did not have a strategic public affairs plan, nor were its public affairs personnel trained or prepared for operational deployment. A proposed Defence public affairs doctrine, with a strategic public affairs plan, would help ensure that Defence's public affairs personnel are prepared for operations.

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Canberra ACT  
19 March 2002



Ian McPhee  
Acting Auditor-General

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<sup>109</sup> Note, however, Defence comments in February 2002 at para. 5.52.



# Appendix



## Appendix 1

### Performance Audits in Defence

Set out below are the titles of the ANAO's previous performance audit reports on Defence operations tabled in the Parliament in the last five years.

Audit Report No.15 1996–97 <i>Food Provisioning in the ADF</i>	Audit Report No.26 1999–2000 <i>Army Individual Readiness Notice</i>
Report No.17 1996–97 <i>Workforce Planning in the ADF</i>	Audit Report No.35 1999–2000 <i>Retention of Military Personnel</i>
Audit Report No.27 1996–97 <i>Army Presence in the North</i>	Audit Report No.37 1999– 2000 <i>Defence Estate Project Delivery</i>
Audit Report No.34 1996–97 <i>ADF Health Services</i>	Audit Report No.40 1999–2000 <i>Tactical Fighter Operations</i>
Audit Report No.5 1997–98 <i>Performance Management of Defence Inventory</i>	Audit Report No.41 1999–2000 <i>Commonwealth Emergency Management Arrangements</i>
Audit Report No.34 1997–98 <i>New Submarine Project</i>	Audit Report No.45 1999–2000 <i>Commonwealth Foreign Exchange Risk Management Practices</i>
Audit Report No.43 1997–98 <i>Life-cycle Costing in Defence</i>	Audit Report No.50 1999–2000 <i>Management Audit Branch – follow-up</i>
Audit Report No.2 1998–99 <i>Commercial Support Program</i>	Audit Report No.3 2000–2001 <i>Environmental Management of Commonwealth Land – follow-up</i>
Audit Report No.17 1998–99 <i>Acquisition of Aerospace Simulators</i>	Audit Report No.8 2000–2001 <i>Amphibious Transport Ship Project</i>
Audit Report No.41 1998–99 <i>General Service Vehicle Fleet</i>	Audit Report No.11 2000–2001 <i>Knowledge System Equipment Acquisition Projects in Defence</i>
Audit Report No.44 1998–99 <i>Naval Aviation Force</i>	Audit Report No.22 2000–2001 <i>Fraud Control in Defence</i>
Audit Report No.46 1998–99 <i>Redress of Grievances in the ADF</i>	Audit Report No.26 2000–2001 <i>Defence Estate Facilities Operations</i>
Audit Report No.13 1999–2000 <i>Management of Major Equipment Acquisition Projects</i>	Audit Report No.32 2000–2001 <i>Defence Cooperation Program</i>

Audit Report No.33 2000–2001  
*ADF Reserves“*

Audit Report No.41 2000–2001  
*Causes and Consequences of Personnel  
Postings in the ADF*

Audit Report No.51 2000–2001  
*ADF Health Services—follow-up*

Audit Report No.16 2001–2002  
*Defence Reform Program – Management  
and Outcomes*

Audit Report No.24 2001–2002  
*Status Reporting of Major Defence  
Equipment Acquisition Projects*

Audit Report No.30 2001–2002  
*Test and Evaluation of Major  
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place Relations and Small Business, Department of Family and Community Services

Audit Report No.20 Performance Audit  
*Fraud Control Arrangements in the Department of Agriculture, Fisheries and Forestry—  
Australia (AFFA)*  
Department of Agriculture, Fisheries and Forestry—Australia

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*Internet Security within Commonwealth Government Agencies*

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*Selection, Implementation and Management of Financial Management Information  
Systems in Commonwealth Agencies*

Audit Report No.11 Performance Audit  
*Administration of the Federation Fund Programme*

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