

SEA/IN/2011/15

SEA CDR
Book: 10
Serial: 2171
Copy No: 1

DE-CLASSIFIED

FASIP CDR
Book: 52
Serial: 1054
Copy No: 1/1

~~CONFIDENTIAL AUSTEO~~

Smith/2011: 055804
Schedule No: 1447
Reference: DEPSEC S/OUT/2011/103



Australian Government
Department of Defence

MINISTERIAL SUBMISSION

Priority

Date Dept Approved: - 7 SEP 2011
Date Rec in Office: 11 SEP 2011
Date Due: 15 SEP 2011

For Action: Minister for Defence

For Info: Mr Clare

Copies to: Secretary, CDF, VCDF, CAF, A/CEO DMO, CFO, FASMECC, FASIP

Subject: Indonesia: [redacted] on C-130H Gifting Proposal

s33(a)(iii)

Purpose:
[redacted]

s33(a)(iii)

Key Points:
1. On 11 August 2011, we updated you on the proposal to gift four surplus ADF C-130H aircraft to Indonesia, [redacted]
2. We are currently finalising a submission that will outline options to progress the gifting proposal.

s33(a)(iii)

Recommendation:

That you:

- i. [redacted]
Signed / Not Signed
- ii. Note we are finalising advice on potential options to proceed with the gifting.
Noted / Please Discuss

s33(a)(iii)

Approved By

Peter Jennings
Deputy Secretary Strategy
7 September 11

Contact Officer: Brigadier Mark Brewer

Phone: 02 6265 6272

Primary Addressee

Stephen Smith
/ /

~~CONFIDENTIAL AUSTEO~~

DE-CLASSIFIED

DE-CLASSIFIED

~~CONFIDENTIAL AUSTEO~~

Smith/2011:
Schedule No: 11647
Reference: 2011/08/20/103

Information Addressee

Noted / Please Discuss

Jason Clare

/ /

Resources

3. n/a

Consultation

4. Office of the Minister for Defence.

Conflict of Interest

5. N/A.

Attachments:

A. FASIP/OUT/2011/330: Proposed Gifting of C-130H aircraft to Indonesia - Status Update, dated 11 August 2011.

B. [REDACTED]

s33(a)(iii)

~~CONFIDENTIAL AUSTEO~~

DE-CLASSIFIED

DE-CLASSIFIED

~~CONFIDENTIAL AUSTEO~~

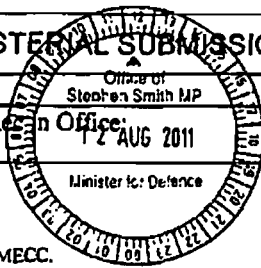
Smith/2011: 034966
Schedule No: 14163
Reference: FASIP/OUT/2011/330



Australian Government
Department of Defence

MINISTERIAL SUBMISSION

Priority



Date Dept Approved: 11 AUG 2011 Date Received: 12 AUG 2011 Date Due: 19 AUG 2011

For Action: Minister for Defence
For Info: Mr Clare
Copies to: Secretary, CDF, VCDF, CAF, DEPSECS, FASMECC.

Subject: Proposed Gifting of C-130H aircraft to Indonesia – Status Update

Purpose:
To advise you of the status of the proposed gifting of C-130H aircraft to Indonesia.

Key Points:

1. The proposal to gift four RAAF C-130H aircraft to Indonesia was first raised with Australia [redacted] in June 2009 (Attachments A and B).

s33(a)(iii)
s33(b)

[redacted]

On 29 April, Mr Peter Jennings, Deputy Secretary Strategy, met [redacted] in the margins of the ASEAN Defence Senior Officials Meeting-Plus in Yogyakarta, Indonesia. [redacted]

2. [redacted]

s33(a)(iii)
s33(b)

3. [redacted]

s33(a)(iii)

4. [redacted]

s33(a)(iii)

5. [redacted]

s33(a)(iii)

~~CONFIDENTIAL AUSTEO~~

DE-CLASSIFIED

11 AUG 2011

DE-CLASSIFIED

~~CONFIDENTIAL AUSTEO~~

Smith/2011:
Schedule No: 14163
Reference: FNSIP/out/2011/330

[Redacted]

s33(a)(iii)

Australian Capability Considerations

6. [Redacted]

s33(a)(ii)

Way ahead

- 7. Before the end of August Defence will need to provide advice to Indonesia on gifting options, including the estimated cost of refurbishing the aircraft, so that Indonesia can evaluate whether the gifting represents value for money from their perspective. If we are not able to meet that timeframe, we will advise Indonesia when such information will be available.
- 8. We will reinforce to TNI that Australia will not provide supplementary funding for the refurbishment of all four aircraft and that US\$50M will likely only be sufficient to return two aircraft to operational condition. Defence estimates the refurbishment of four aircraft will cost up to US\$72M, with additional costs for training, spare parts and other requirements bringing the total cost to around US\$100M. [Redacted]

s33(a)(iii)

Recommendations:

That you:

i. [Redacted]

s33(a)(iii)

Noted / Please Discuss

ii. Note that Defence will seek your agreement to brief Indonesia before the end of August on the options available for the proposed gifting.

Noted / Please Discuss

See below
J 3.1.87


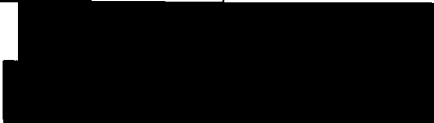
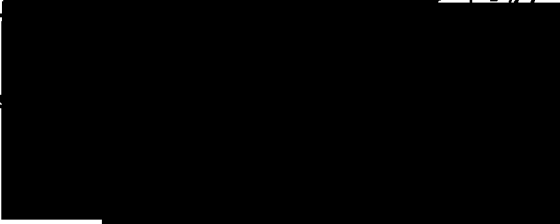
~~CONFIDENTIAL AUSTEO~~

DE-CLASSIFIED

DE-CLASSIFIED

~~CONFIDENTIAL AUSTRO~~

Smith/2011:
Schedule No: 1163
Reference: FASIP/OJ/2011/330

Approved By	
Chris Blirrer Acting First Assistant Secretary International Policy 11 August 2011	
Contact Officer: Kieran O'Leary	Phone: (02) 6265 4381
Primary Addressee	 Stephen Smith 30/08/11
Information Addressee	
Noted / Please Discuss	
Jason Clare / /	

s33(a)(iii)
s33(b)

Resources:

9. N/A.

Consultation

10. RAAF (DCAF) and Post Jakarta (HADS) were consulted in the preparation of this advice.



Financial/Workplace Implications

11. N/A.

Conflict of Interest:

12. The Minister for Defence and the Minister for Defence Materiel have declared a potential conflict of interest in relation to their portfolio responsibilities. Controls have been established by Defence and the Defence Materiel Organisation to minimise the risk of any conflict actually arising in relation to those responsibilities. Taking into account the Ministers' declarations, at this time we assess that no conflict of interest for the Minister arises in relation to Unisys and Julzar Pty Ltd trading as MPM Marketing Services, Sodexo Australia or Serco Sodexo Defence Services, or could reasonably be perceived to arise, from the matters raised in this submission. Should any matter which could give rise to an actual or perceived conflict of interest arise at a later time, any future submissions and contact will be through the alternate Minister as identified in the controls.

Attachments:

- A. Background information: History of the C-130H gifting proposal.
- B. Letter: Prime Minister Rudd to Defence Minister Faulkner, 5 March 2010
- C. 
- D. 

s33(a)(iii)
s33(b)

~~CONFIDENTIAL AUSTRO~~

DE-CLASSIFIED

DE-CLASSIFIED

~~CONFIDENTIAL - AUSTEO~~

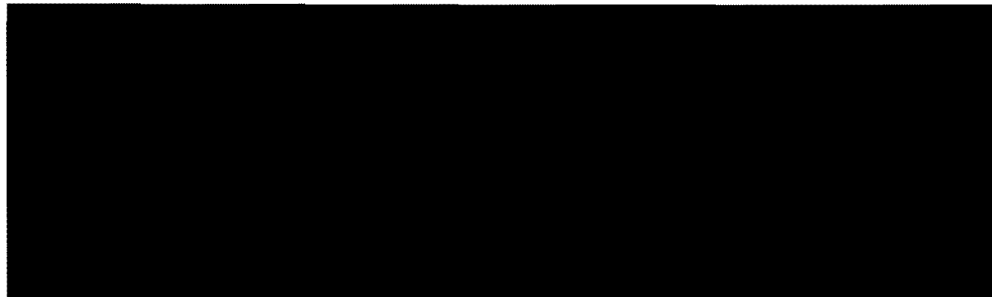
Smith/2011:

Reference: ~~FRG/OUT/2011/230~~

BACKGROUND INFORMATION – History of the C-130H Gifting Proposal

History of the C-130H gifting proposal

1.



s33(a)(iii)
s33(b)

CAF subsequently identified the availability of up to four C-130H airframes that could be transferred to the US and gifted to Indonesia.

2. On 5 March 2010, then Prime Minister Rudd approved the proposed gifting of four surplus ADF C-130H aircraft to Indonesia

s33(a)(iii)

Prime Minister Rudd also sought assurance from the Minister for Defence that the proposed gifting would not result in a capability gap for Australia, would not require reprogramming of the Defence Capability Plan, nor entering into leases for airlift capability.

~~CONFIDENTIAL - AUSTEO~~

DE-CLASSIFIED

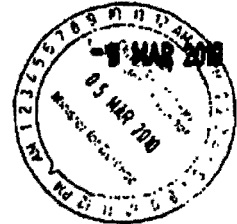
DE-CLASSIFIED

~~CONFIDENTIAL~~




PRIME MINISTER
CANBERRA

Senator the Hon John Faulkner
Minister for Defence
Parliament House
CANBERRA ACT 2600



Dear Minister 

Thank you for your letter of 22 February 2010 seeking my agreement to gift surplus Australian Defence Force (ADF) C-130H aircraft to Indonesia 

s33(a)(iii)

I agree to your proposal, 
 I also note that the Minister for Finance and Deregulation's approval is required.

s33(a)(iii)

I also note your advice that the aircraft to be gifted will become surplus to the ADF from 2010, however I understand that projects to acquire additional C-130Js (Project AIR 8000 Phase 1) and to replace the retired Caribou transport aircraft (Project AIR 8000 Phase 2) are not scheduled to deliver their initial capability until 2015 and 2016 respectively.

In agreeing to your proposal I seek your assurance that gifting these aircraft prior to approval or delivery of the above mentioned projects will not result in a capability gap, and will not require either reprogramming of the Defence Capability Plan or entering into leases for airlift capability.

Furthermore, I seek your advice on any opportunities for Australian industry that might arise as part of this proposal.

I have copied this letter to the Treasurer, the Minister for Foreign Affairs and the Minister for Finance and Deregulation.

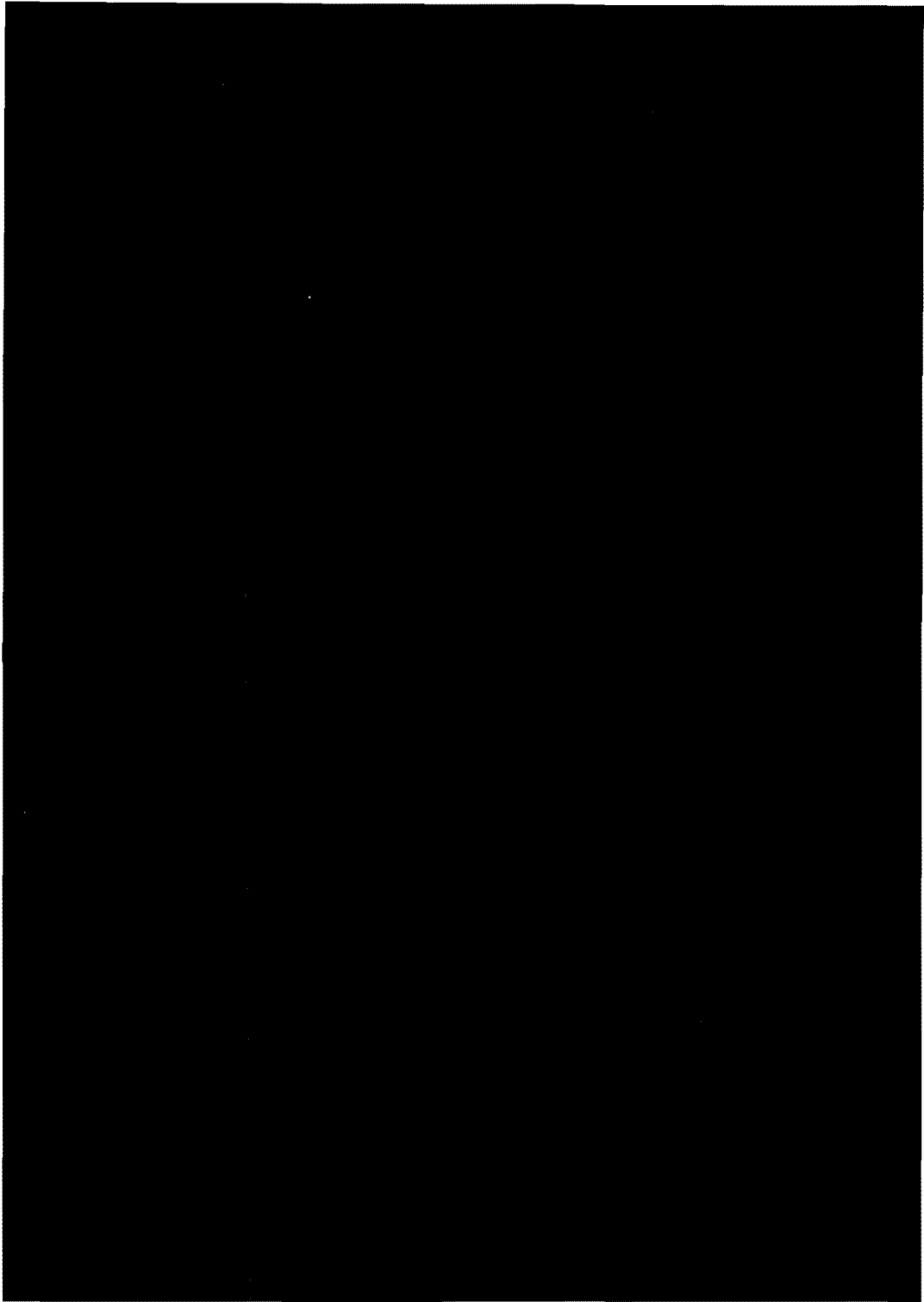
Yours sincerely


Kevin Rudd

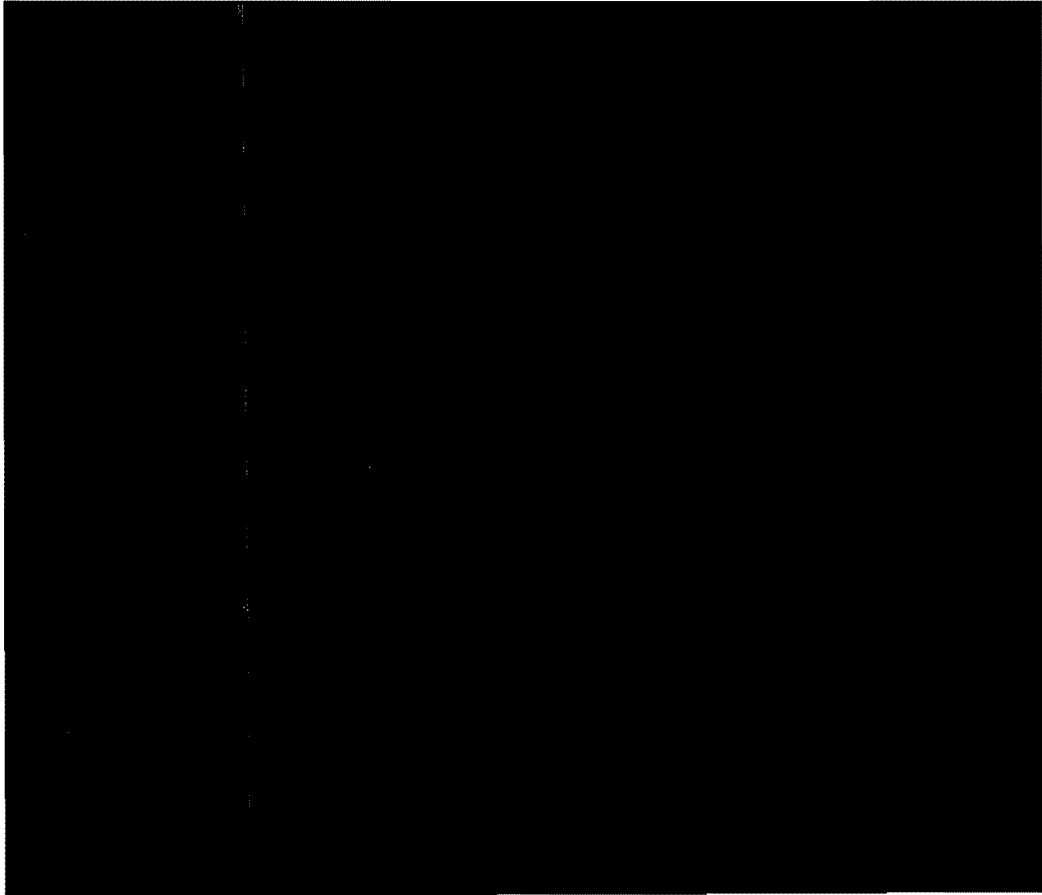
~~CONFIDENTIAL~~

DE-CLASSIFIED

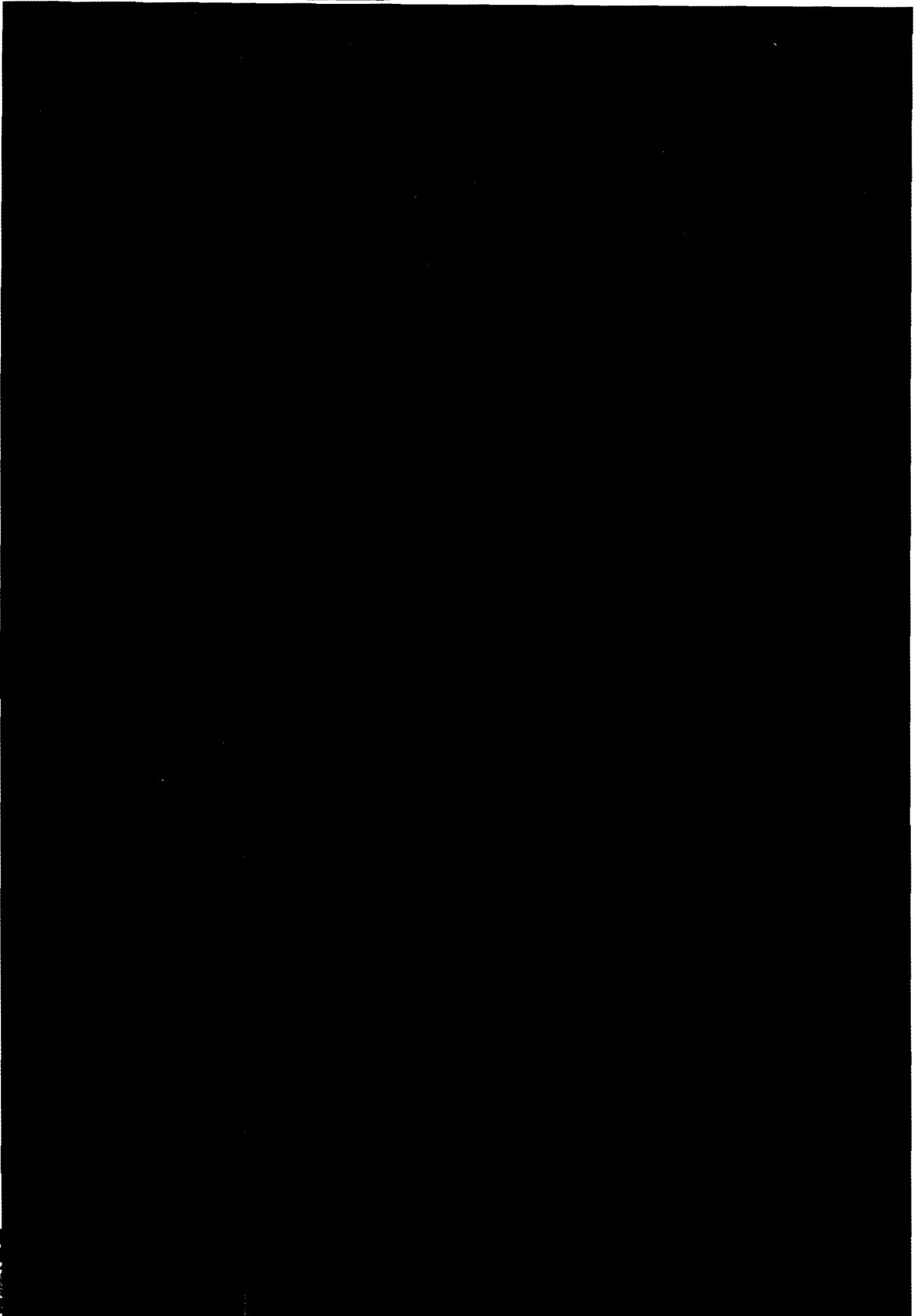
s33(a)(iii)
s33(b)



s33(a)(iii)
s33(b)

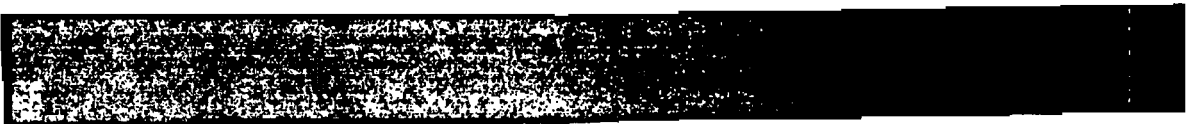
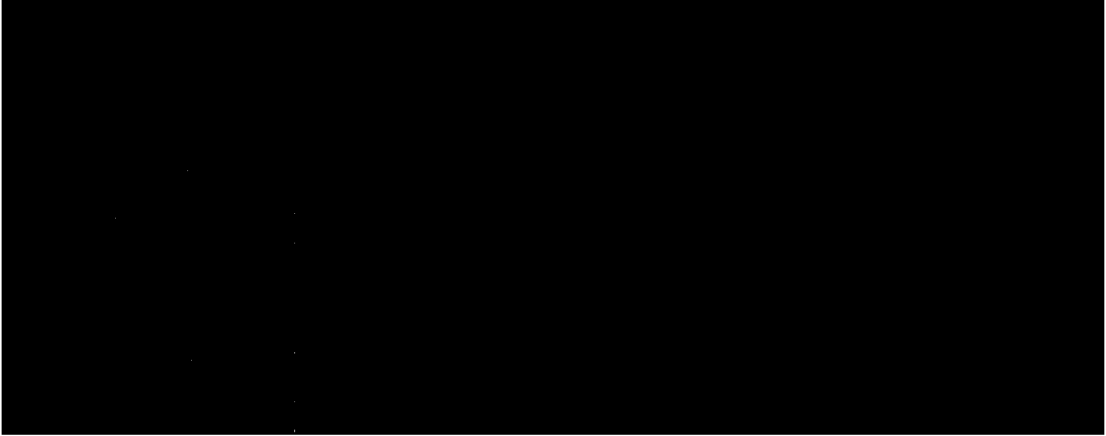


s33(a)(iii)
s33(b)

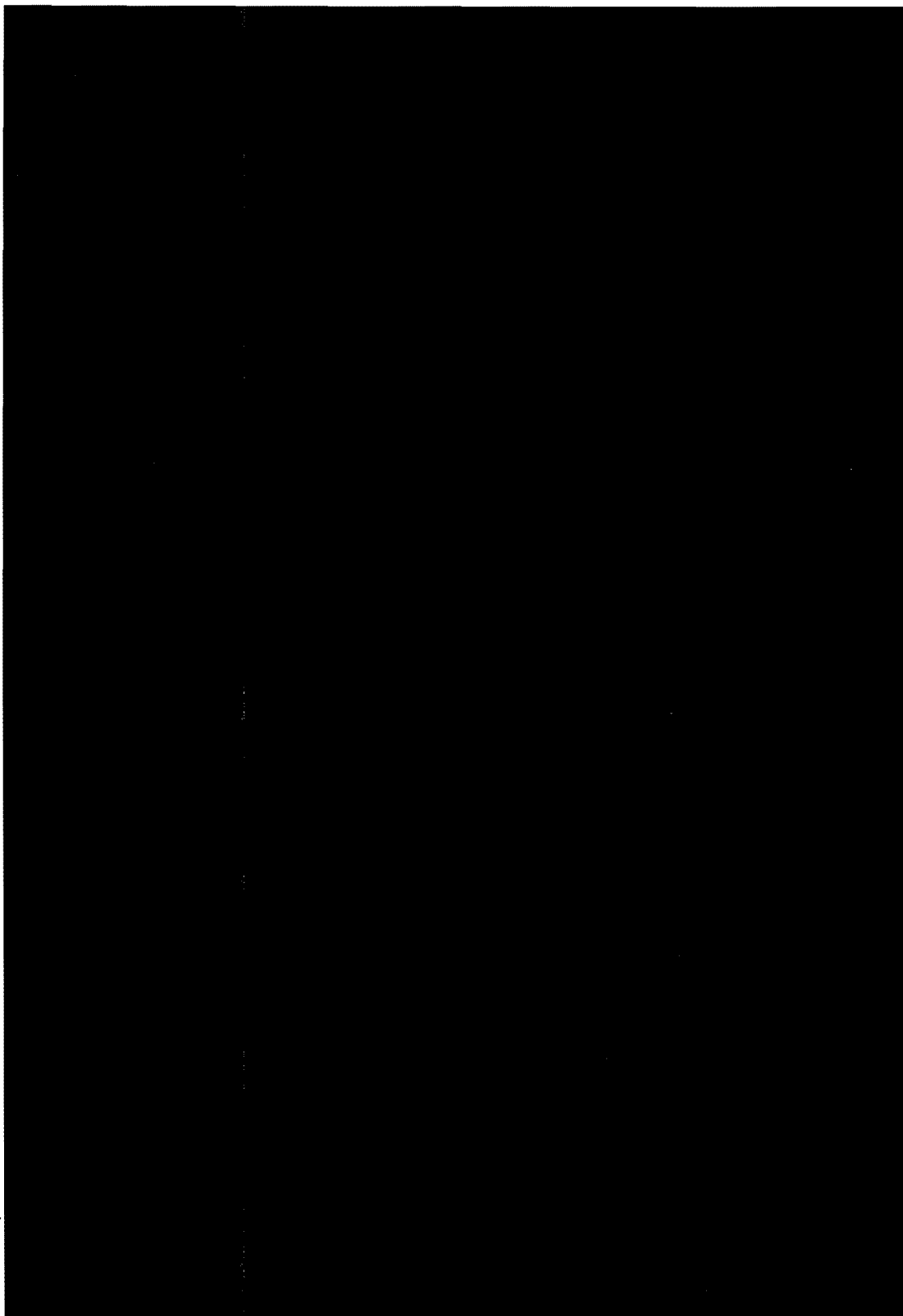


Page 2 of 2

s33(a)(iii)
s33(b)

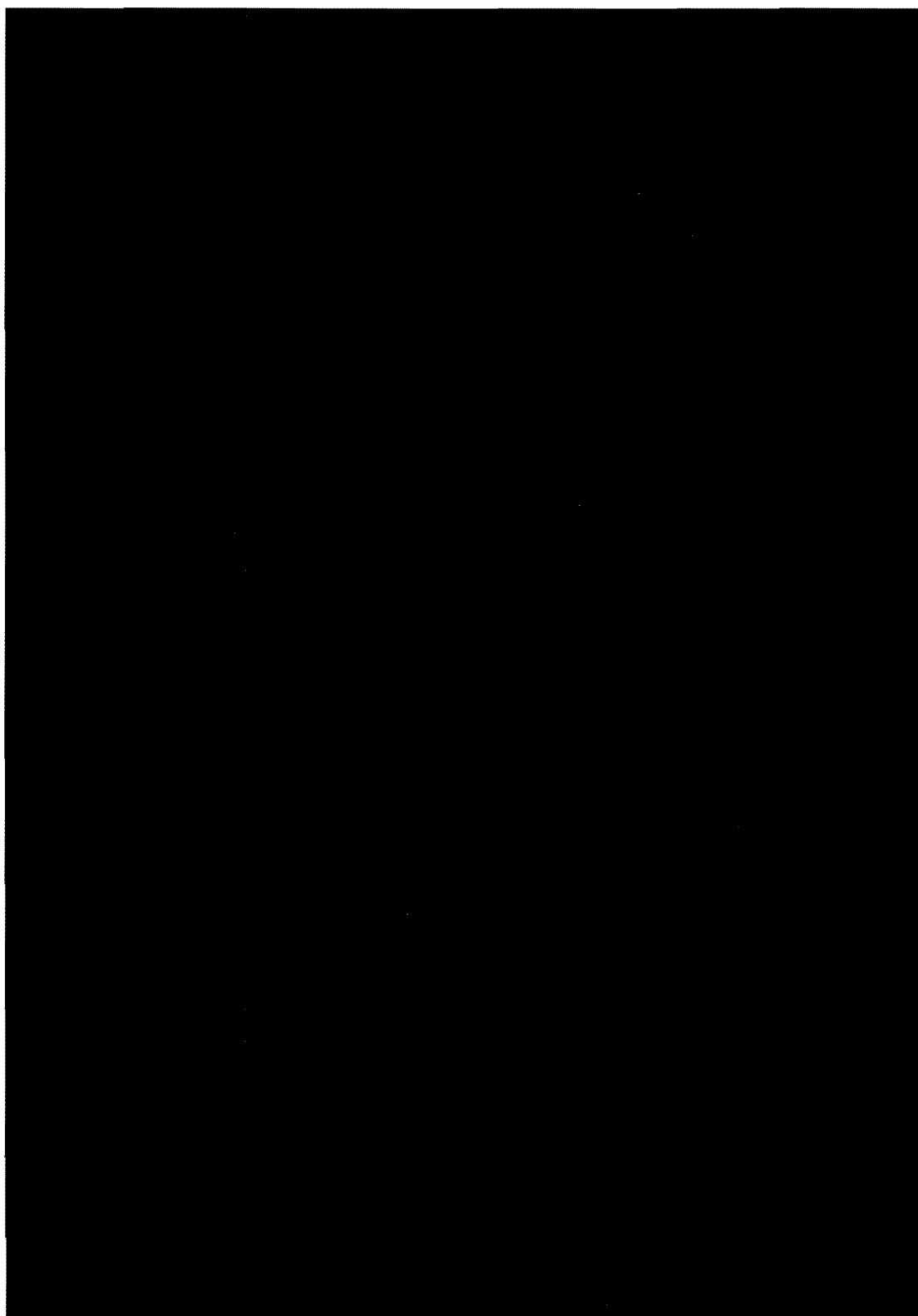


s33(a)(iii)
s33(b)

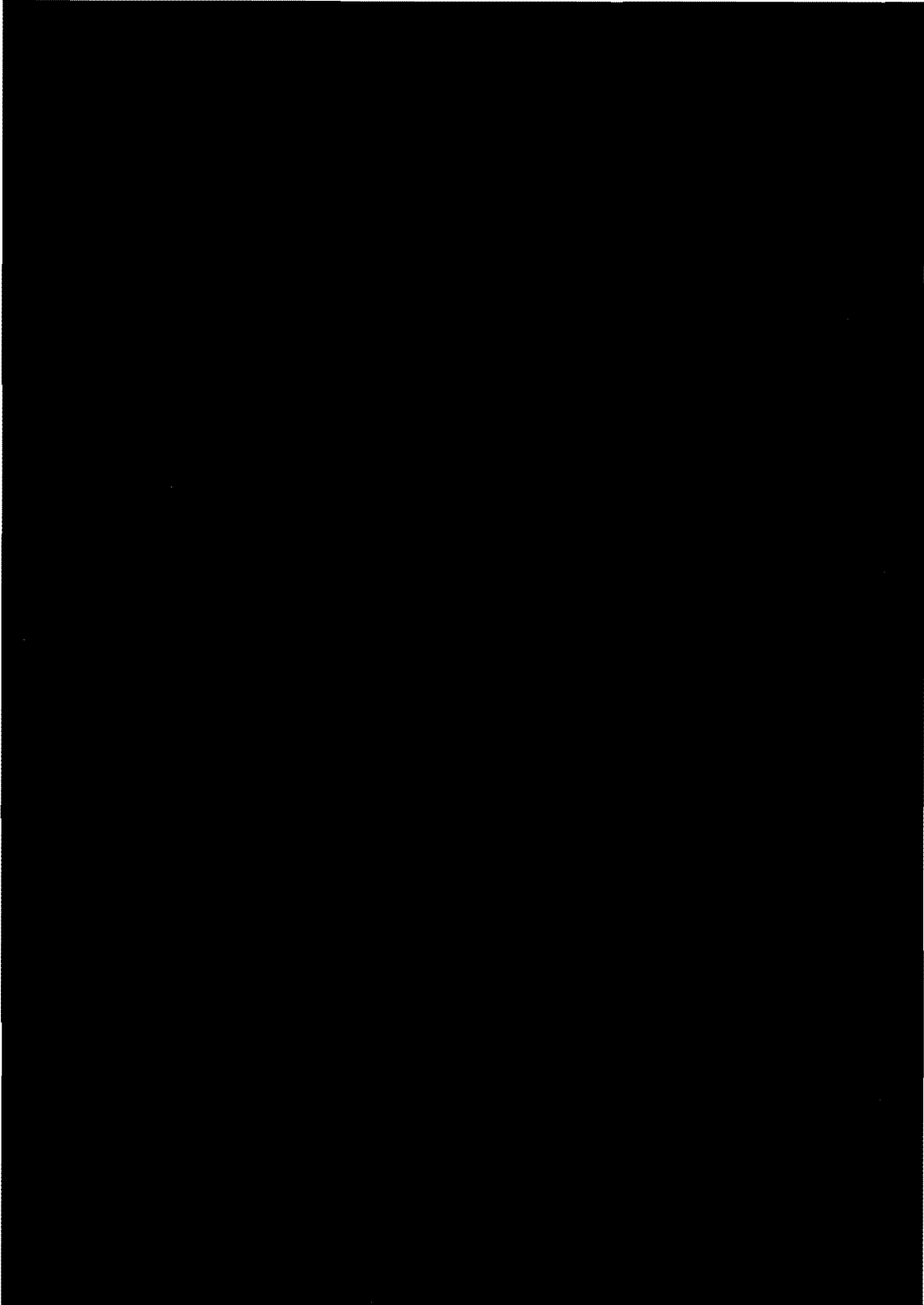


1

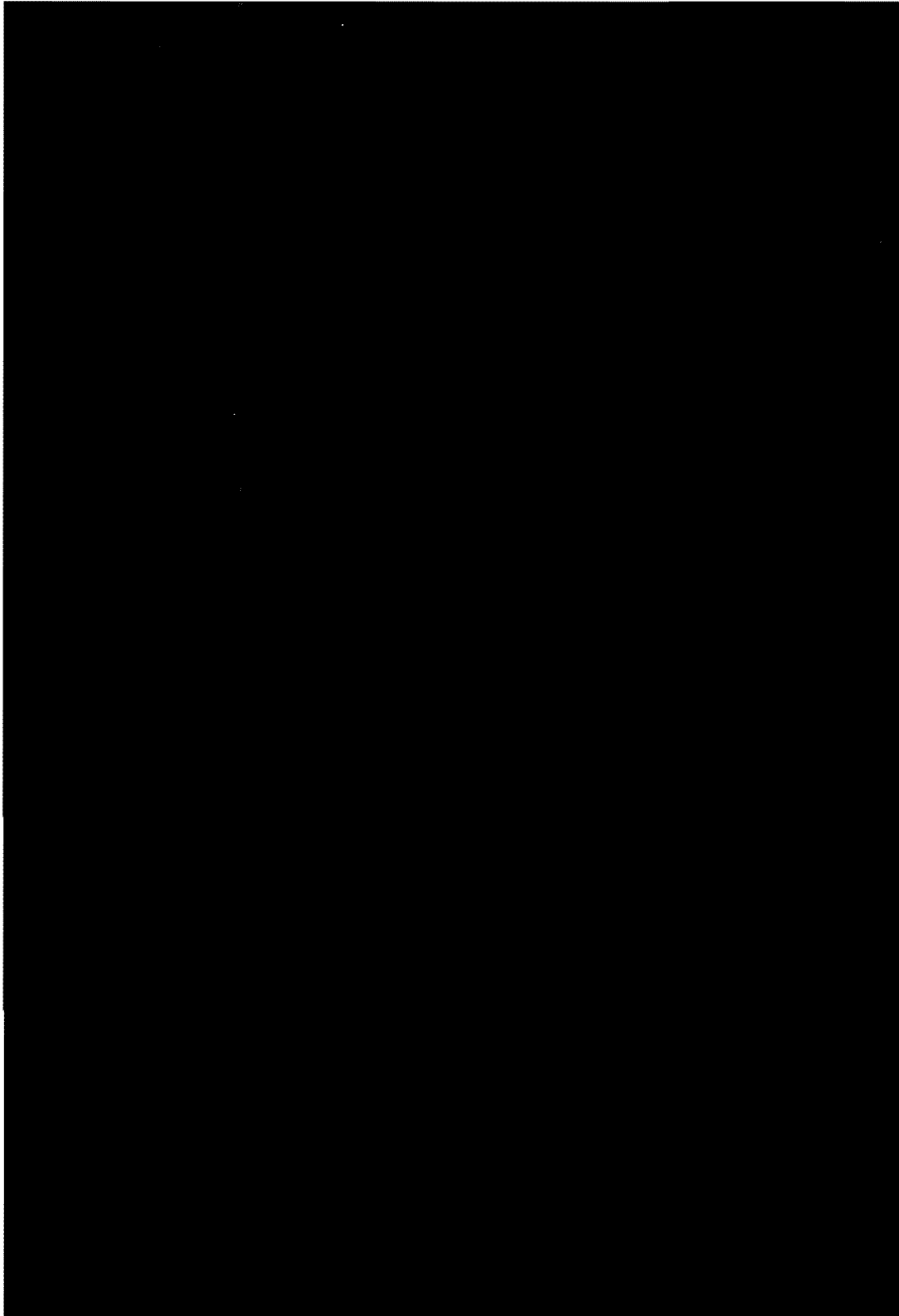
s33(a)(iii)
s33(b)



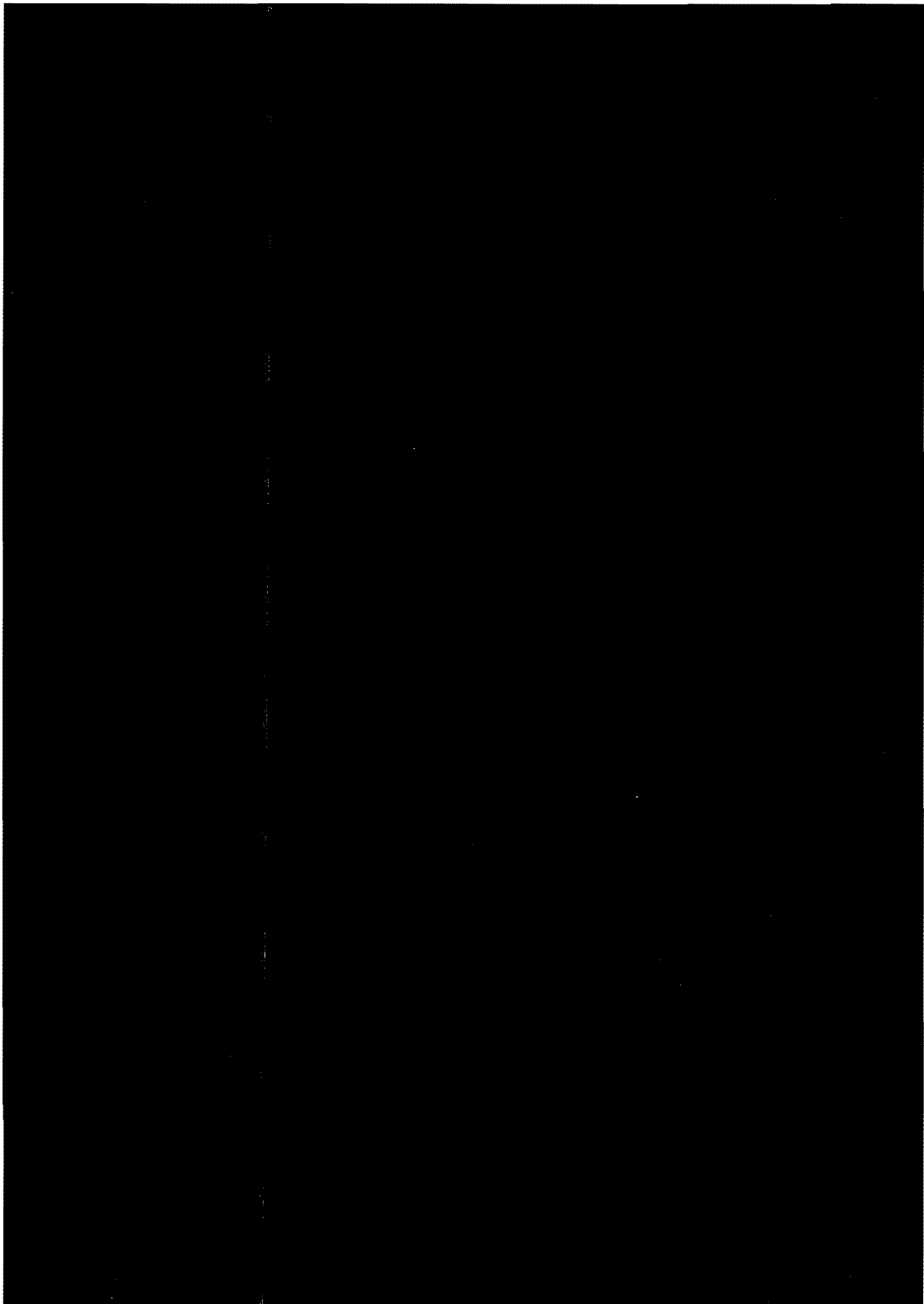
s33(a)(iii)
s33(b)



s33(a)(iii)
s33(b)



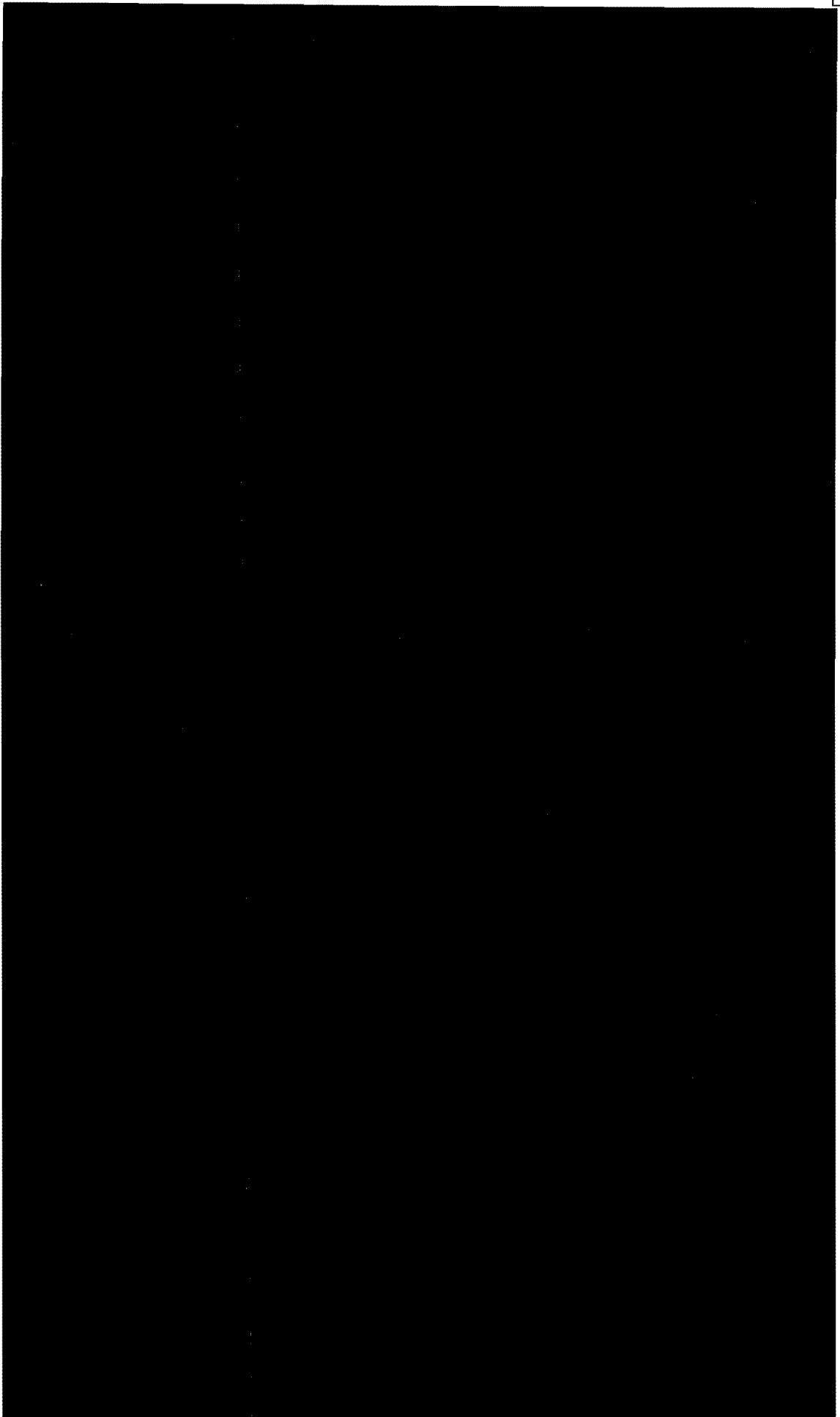
s33(a)(iii)
s33(b)



s33(b)

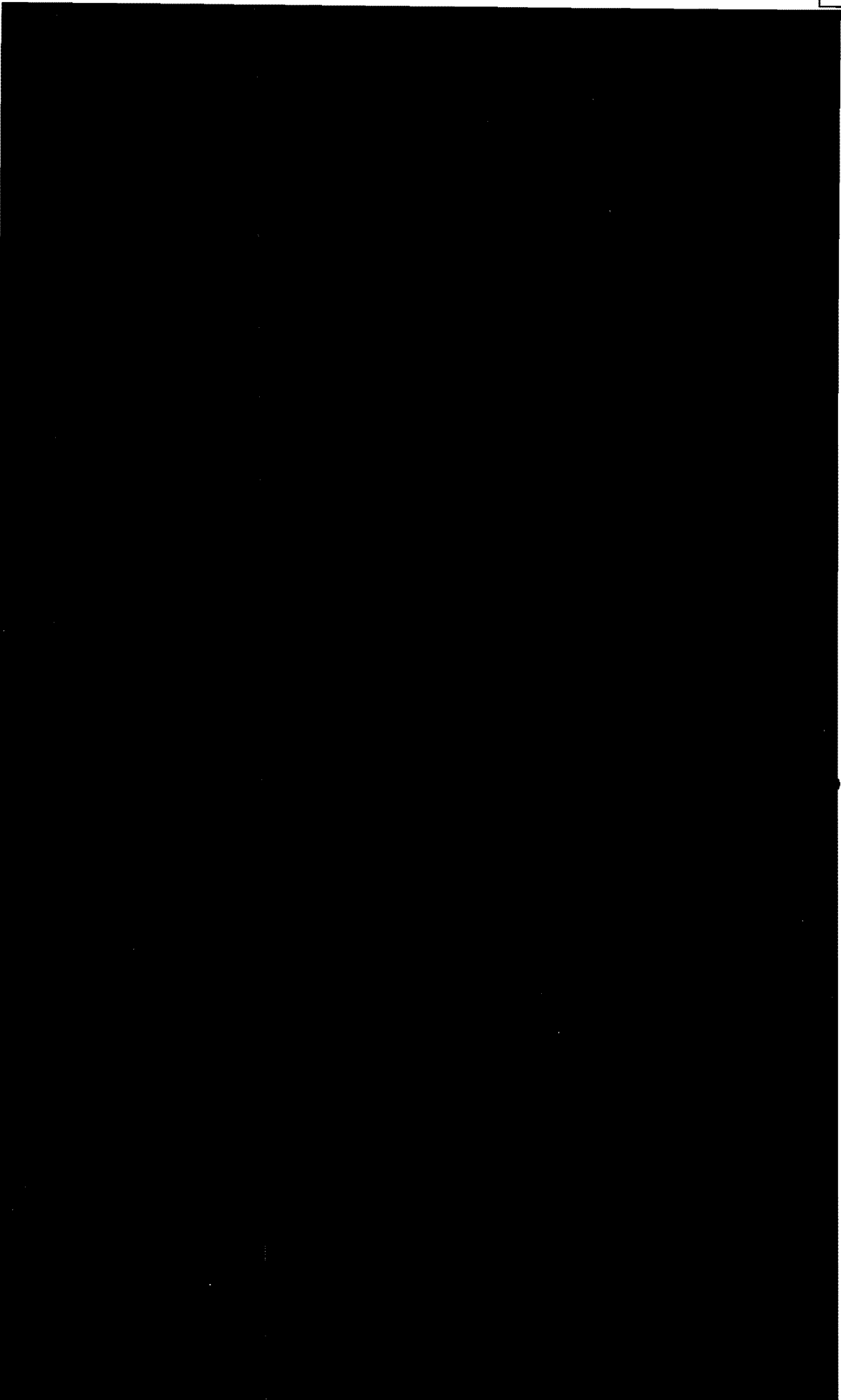
FOI 169/11/12

Item 4b



s33(b)

FOI 169/11/12
Item 4c



AO 167
Revised Dec 2007

~~CONFIDENTIAL~~

~~AUSTEO~~



Australian Government
Department of Defence

URGENT

Schedule number for this task

14647

Due date for this task

12 SEP 11

Ministerial Tasking Sheet

The Office of the Minister for Defence directions:

Ministerial Representation

Prepare reply for:

- Minister
- Chief of Staff
- Adviser _____
- Referral to _____
- Standard response _____
- For departmental action _____
- For information only

Ministerial Submission

- For approval
- For noting
- Supplementary advice FASIP 330/11
- Event or visit brief
- Speech
- Meeting brief
- Ministerial talking points (DGPA clearance required)
 - MS Word document required
- Media release (DGPA clearance required)
 - MS Word document required
- For email advice only to: _____
(cc to DMPLS MINDEF)

Directorate of Ministerial and Parliamentary Liaison Services (DMPLS) directions:

For action by: FASIP Date received: 5 SEP 11 Type: Supplementary
 Originator: MINDEF
 Sponsor: _____
 Subject: MINISTER'S COMMENTS ON FASIP 330/11 - PROPOSED GIFTING OF C-130H AIRCRAFT TO INDONESIA

This tasking has been copied to: _____
 Other instructions: _____

DMPLS Tasking Officer: K. LUCAS Tel: 452518 or email DMPLS MINDEF
 (Please call if you require any assistance)

Previous related papers are on (Schedule/File): FASIP 330/11 with FASIP
14163 with _____

ASSISTANCE FOR YOU

<http://intranet.defence.gov.au/oscdfweb/sites/dmpls>
 Contact the tasking officer immediately if you think this has been incorrectly tasked to you.
 Contact the tasking officer immediately if you are unable to meet the due date above.
 Assistance can also be obtained from your Group Coordinator _____ Telephone: _____
 The task is due to your Group Coordinator on _____

~~CONFIDENTIAL~~

~~AUSTEO~~