Disposal of Defence Equipment

Ian Donoghue
Director General
Defence Asset & Inventory Management
Why talk to you about disposals?

• Current Defence disposal issues

• How to acquire surplus equipment that is appropriate for heritage preservation

• Potential barriers to acquiring equipment

• Potential solutions

• People who can help
Background

• More than 80% of Defence assets will be either upgraded or replaced in the next 10 to 15 years

• Reduce the number and size of warehouses and clear obsolete inventory

• 73% of current inventory is sourced from other countries

• 57% of this was acquired from United States
Sources of Defence equipment

- Aust StockCodes: 27%
- USA: 57%
- UK: 8%
- Germany: 3%
- France: 1%
- Italy: 1%
- Canada: 1%
- All Other countries: 1%

Defence Materiel Organisation
**Equipment disposal objectives**

- Obtain the best outcome for the Commonwealth

- Use the most economical means wherever practical

- Meet obligations of treaties, caveats and licences with foreign governments and original equipment manufacturers

  – Meet International Traffic in Arms Regulations (ITAR) obligations
ITAR obligations

• US technology is not used for any purpose other than as authorised in original licence or agreement

• Defence will observe retransfer controls and gain consent for change of
  – ownership
  – use
  – location

• Selected equipment will be demilitarised before disposal
Controls are important to USA

- ITT: $100m fine for illegal exports of military night vision technology to China, Singapore and UK
- Boeing: $10m civilian fine, $2.5m mandated compliance program and corporate restructuring
- Lockheed Martin: $13m fine and mandated compliance program
- Loral: $20m fine, $6m compliance program and corporate executives fined $100,000 for their roles in violations
- BAE Systems plc: $400m fine, breaches of AECA, ITAR and Foreign Corruption Practices Act
Retransfer applications

- Defence has no control
- Applications may have to be approved by US Congress
- Approvals can take up to 18 months to obtain
- Approval is not guaranteed
- Applications can be denied without explanation
Retransfer applications (cont)

- Age of equipment or currency of technology are not grounds for US or Defence relaxing the rules

- Equipment available commercially does not guarantee approval will be granted

- Defence pays for administration, storage and maintenance whilst waiting for US approval
A potential solution

• Defence has submitted a proposal to the USA
  – Blanket Demilitarisation and Disposal Arrangement

• To enable Defence to demilitarise and dispose of selected surplus US-sourced equipment more effectively
Disposal Options

- Re-use within Defence as training aid or display
- Transfer to a third party e.g. another country
- Sale
  - As ongoing concern
  - For preservation of military heritage
- Gift
- Destruction and recovery of scrap
Preserving military heritage

• Defence understands the absolute importance of service to country and preserving military heritage in Australia

• Requests to acquire surplus equipment are almost always higher than the numbers of items available for disposal
Acquiring equipment for display

- Establish military heritage, historical and cultural connections to the equipment

- Recipient pays for all costs in acquiring equipment
  - obtaining retransfer approval
  - demilitarising and preparing for display
  - removing or sealing hazardous materials
  - transport to display location
  - ongoing management and preservation of equipment

- Obtain necessary licences to display (e.g., an innocuous weapon)
Disposal activity... now to 2015

- Planning for disposal already occurring even though equipment could still be in service for a number of years

- Disposal strategies for some equipment are yet to be submitted for Minister’s approval

- Equipment may still be required following withdrawal from service to maintain or upgrade other assets or capabilities
Maritime

• Not available before 2012
  – HMAS Tobruk
  – HMAS Manoora
  – HMAS Kanimbla
  – Guided Missile Frigates

• Patrol Boats not available before 2020

• Submarines not available before 2026

• Scuttling large ships for use as dive wrecks managed by State Governments
Aerospace

- F-111G, destruction to commence shortly
- Caribou and B-707, tender later in 2010
- F-111C, not before 2011
- C-130H, not before 2013
- FA-18, not before 2018
Aerospace (cont)

• Helicopters
  – Iroquois, gifting, retained within Defence
  – Sea King helicopters, not before 2011
  – Kiowa, not before 2015
  – Blackhawk, not before 2015
Land - Artillery

• Tender later in 2010
  – 0.30 calibre machine guns
  – M60 machine guns

• Tender when withdrawn from service (up to 2012)
  – M2A2 Howitzer field guns

• To be destroyed
  – MG3 machine guns
Land - Vehicles

• Land Rovers, not available before 2015-2020

• M113 Armoured Personnel Carriers, not available before 2025

• Field vehicles, trailers & fleet modules, not available before 2017

• ASLAVs, not available before 2021
Leopard Tanks
What is available

• Metal pieces, propellers, some components

• Artillery pieces
  – M2A2 Howitzer
  – 30 calibre machine gun
  – M60 machine gun

• Vehicles
  – Demilitarised
  – Hazardous materials removed or sealed
  – Possibly rendered inoperable for display
What *is* available

- Museum display type items may be available on loan from Defence military heritage units
  - Army History Unit
  - RAAF Museum
  - Navy Historical Collection
What is *not* available

- Items that cannot be demilitarised
- Equipment from the US or other foreign government where approval is not given
- Equipment containing hazardous materials
What is *not* available (cont)

- Army amphibious vehicles
- Platform equipment such as ships, aircraft, larger vehicles
- Presentations, relics and trophies such as ex-HMA ships’ bells
- Older aircraft such as Nomad, Jindivik, Dakota, Macchi, Lear
- Owen, 25 pounder, Bren guns
- World War (I & II) weapons and artillery
Acquiring equipment for display

• Defence Disposals Agency administers Expression of Interest Register

• Contact Defence Disposals Agency directly to record your interest in an item

• Surplus equipment suitable for preservation as military heritage usually offered for sale via public tender
Defence Disposals Agency

• Help Desk  disposals@defence.gov.au

• Write to:  The Director
Defence Disposals Agency
Level 12, Defence Plaza
270 Pitt St
Sydney  NSW  2000

• Phone:  02 9393 2914
• Fax:  02 9393 3542
You need to tell us

- Details of the equipment you want to acquire
- Your full contact details
  - Position title
  - Official email and mailing addresses
  - Telephone number/s
Defence Disposals Agency contacts

John O’Reilly
Director
02 9393 2356

Ann-Marie McLean
Assistant Director (Platforms)
02 9393 3188

David McCartney
Assistant Director (Inventory & Governance)
02 9393 2917
Questions?