

EXECUTIVE MINUTE

on

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

REPORT No. 458

Defence Major Projects Report (2014-15) Review of Auditor-General Report No. 16 (2015-16)

General comments

On 05 May 2016, the Joint Committee of Public Accounts and Audit (JCPAA) tabled *Report No. 458 – Defence Major Projects Report (2014-15) Review of Auditor-General Report No. 16 (2015-16)*. In response to Recommendation One of this report, Defence agreed to publish the outcomes for the First Principles Review (FPR) Recommendation 2.11 upon completion of implementation activities.

FPR Recommendation 2.11 recommends:

‘Significant investment to develop an operational framework which comprehensively explains how the organisation operates and the roles and responsibilities within it; detailing the life cycle management processes which provide project and engineering discipline to manage complex materiel procurement from initiation to disposal; and reviewing architecture to reinforce accountability at all levels and bringing together information upon which good management decisions can be made.’

Response to the recommendation

Recommendation No.1 paragraph 5.4

Noting the importance of clear roles, responsibilities, accountabilities and lifecycle management processes, the Committee recommends that the Department of Defence publish the outcomes from Recommendation 2.11 of the First Principles Review as soon as practicable, and that a summary of this information be included in the next Major Projects Report.

JCPAA Report 458 Recommendation One was agreed by Defence in October 2016.

The FPR Implementation Committee agreed to the closure of FPR Recommendation 2.11 on 20 April 2017. The major outcomes supporting the closure of Recommendation 2.11 can be categorised into seven themes, as follows:

1. The Capability Life Cycle Detailed Design

- The Capability Life Cycle (CLC) detailed design was finalised in March 2016 as a core Defence business process. The CLC went ‘live’ on 01 April 2016, with all major Defence projects adopting the new CLC principles and processes.
- The Defence Investment Committee (IC) now considers all major project proposals.
- Project proposals going to the IC now use the new Smart Buyer risk assessment, which informs decisions about tailored approval pathways.

2. Streamlining the Defence Investment Approval Process
 - Defence has worked closely with representatives from Central Agencies, particularly with the Department of Finance (Finance) and Department of the Prime Minister and Cabinet, to develop an improved approval process.
 - This process will provide a more strategic picture to Government of Defence capability planning, through the use of capability programs and capability stream-level updates.
3. Transition to Smart Buyer
 - The Smart Buyer Detailed Design was approved on 13 Oct 2016, with integration of all delivery groups to the new model ongoing.
 - The Smart Buyer decision-making framework enables Capability Managers and project teams to identify key project risks and develop tailored Project Execution Strategies.
4. Implementing the Capability, Acquisition and Sustainment Group (CASG) Business Framework
 - The CASG Business Framework was approved by Deputy Secretary (DEPSEC) CASG on 19 August 2016, and has subsequently been promulgated.
 - The Business Framework defines how the Group governs, organises and manages operations more efficiently and effectively, across the CLC, with a focus on achieving Defence outcomes. It defines individual and collective accountabilities and responsibilities, links reporting from top to bottom, and is aligned to One Defence capability requirements. The Business Framework is available on the CASG Internet page.
5. Establish Centres of Expertise
 - The six Centres of Expertise (CoE) in CASG commenced operations on 03 Apr 2017. This included a confirmation of their roles and responsibilities, the services to be provided, assignment of staff, and a continuing implementation plan beyond March 2017.
 - The six CoE include: Commercial; Corporate Performance; Decision Support; Engineering and Technical; Materiel Logistics; and Program Management.
 - CoEs ensure the availability of an efficient and effective workforce, supported by policy and process that enforces best practice, to satisfactorily resource Systems Program Office demands. CoEs are fundamental to the introduction of matrix management into CASG business delivery units.
6. Vice Chief of the Defence Force (VCDF) and DEPSEC CASG establish continuous improvement mechanisms across the CLC.
 - A range of processes and forums have been established to ensure ongoing improvement in the CLC process.

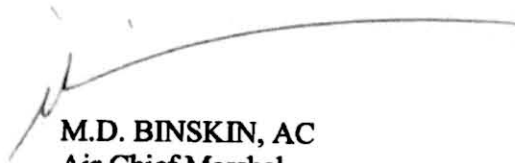
- The CLC Governance Forum has been established as a means for conducting ongoing process improvement and addressing emerging issues relating to the CLC. The forum includes membership from all capability managers and delivery groups.
- The primary objective of this forum is to develop, improve, standardise and rationalise governance across Defence in support of the CLC to achieve the capability outcomes as described in the Integrated Investment Program (IIP).

The outcomes of FPR Recommendation 2.11 will be published in the 2016/17 Defence Annual Report, with relevant updates to be published in the 2016-17 Major Projects Report.



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May 2017