

Joint Standing Committee on Foreign Affairs, Defence and Trade

Review of the Defence Annual Report 2015-16 – 17 February 2017

ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Defence Annual Report 2015-16 - Procurement Policy Manuals

Question reference number: 3

Senator: Fawcett

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Date set by the committee for the return of answer: 6 March 2017

Question:

Senator FAWCETT: The 2012 Senate inquiry into Defence acquisition highlighted that many of the previous reforms have led to policy intent and to a change of process at the top level but the detailed procedures that people follow day to day have actually constrained the conduct and still shape the culture. I am happy for you to take this on notice, but could you provide the committee with the examples of which parts of your procurement policy manuals have been changed or are in draft form for change to implement this? Which of your staff core syllabuses at the various levels, from your ATSOC type level for the technical procurement right down to your general staff officer grade-3 level, have changed or are in draft form to change, so that we can see the very real measures that have been taken to change the things that constrain individual conduct? In the past people have often pointed back to those rules and procedures as the things that have prevented the effective implementation of what was a very good policy intent.

Ms Louis: I understand the question. I am happy to take the detail on notice, but certainly from my perspective I have done an enormous number of engagements with those lower levels. For example, I gave a briefing at ADFA the other day to the whole new gamut of folks who have just joined the Land Capability Development Group explaining the intent of the policy and explaining how important those Australian industry aspects were going to be in the cabinet submissions coming forward, noting of course that the objective is to support defence capability in the warfighter in that context.

Answer:

Revised Procurement Policy

Since 2012, Defence has undertaken a comprehensive procurement policy simplification program under the Commercial Policy Framework project. Central to this is clearly delineating between the mandatory Commonwealth Procurement Policy and departmental policy requirements and the supporting procurement processes and guidance. A key theme of this simplified framework is to ensure the degree of process around procurements is proportional to the scale, scope and risk of the procurement and does not impose additional cost on industry.

The Commercial Policy Framework will include a new simplified Defence Procurement Policy Manual as the top tier document, supported by two new documents to provide this proportional process guidance; a Complex Procurement Guide and a Simple Procurement Process. The number of requirements in the revised Defence Procurement Policy Manual has been reduced from approximately 290 mandatory policy requirements to 53 new policy directives, consistent with the Government's requirements to reduce red tape.

The Complex Procurement Guide incorporates recent initiatives to reduce the cost of tendering and to streamline solicitation processes. It provides tailored operational guidance to Defence officials on how to undertake more complex procurement activities in the Defence environment and follows the procurement life cycle to provide an end-to-end framework.

The Simple Procurement Process is being delivered through an on-line business process application that will standardise and simplify the steps required to undertake a simple procurement. Compliance with the procurement requirements is intrinsic in the tool and will address the previous concerns regarding procurement staff unnecessarily complicating the process.

These top level guides are supported by a revised and simplified set of procurement handbooks, web guidance, tools and templates. These continue to be developed and updated and are progressively released as part of the Commercial Reform program.

In line with the simplified Commercial Policy Framework, Defence has undertaken significant reforms to build the commercial capability and capacity of its 'Procurement and Contracting Job Family'. This includes simplifying training for complex procurement, updating courses to reflect commercial reforms (including contract template updates), better defining procurement competencies, learning and development pathways and expanding training courses offered.

In particular, nationally recognised qualifications under the Australian Qualification Framework provide the foundation level skilling needed to support Defence personnel conducting procurement, complemented by a range of Defence specific procurement and commercial training courses.

To support workforce development, the Capability Acquisition and Sustainment Group is expanding the range of Australian Qualification Framework procurement courses to include both the Certificate IV in Government (Procurement and Contracting) and the Diploma of Contract Management. Existing Defence

procurement courses are also in the process of being updated to reflect commercial reforms ahead of the implementation of the new Commercial Policy Framework on 31 March 2017. These initiatives raise commercial accumen and will reduce the propensity of staff over complicating procurement processes and will enable staff to identify and tailor procurement approaches.

As part of this skilling framework, the Australian Technical Staff Officer's Course is delivered through the Australian Defence Force Academy. The syllabus is delivered by the Australian Command and Staff College. Upon being posted to the Capability Acquisition and Sustainment Group, military officers undertake further procurement and contracting related training. With the introduction of the new Capability Acquisition and Sustainment Group Business Framework and Centres of Expertise, Defence will strengthen the links between technical and commercial aspects of procurement to simplify and standardise processes.