

Defence Portfolio

## INQUIRY QUESTION

(Question No. 1)

Mr Julian Hill MP asked the Department of Defence the following question, upon notice, on 24 April 2024:

What projects have had cost increases that were not due to foreign exchange rate changes?

**Defence provides the following answer:**

There have been no real cost increases (increase in budget without a change in scope) in 2022–23 for the Major Projects Report projects.

Budget variations over \$0.5 billion for projects in the 2022–23 Major Projects Report, and detailed explanations for those increases, are listed in the Report on ‘Table 4 – Budget variations over \$0.5 billion – post initial Second Pass approval by variation type’ (page 17). More detailed explanation of project budget variations is provided in the Report at Table 11: Budget variations post initial Second Pass Approval by variation type at 30 June 2023 (page 58-59).

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# INQUIRY QUESTION

(Question No. 2)

Senator the Hon Linda Reynolds asked the Department of Defence the following question, upon notice, on 23 April 2024:

What are the implications for the delays to LAND 4140's Initial Operational Capability (IOC), Final Management Letter, and Final Operational Capability (FOC)?

**Defence provides the following answer:**

Delivery of future Battle Management Systems and Tactical Communications Networks will occur through LAND 4140 Land C4 Modernisation. There is no impact to the projected IOC and capability milestones of LAND 4140 Land C4 Modernisation, which is adopting a continuous delivery approach to deliver a mix of Land C4 capabilities responsive to changes in threat, need and technology.

Delivery of a mature Battle Management System by LAND 4140 is expected from 2026.

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## INQUIRY QUESTION

(Question No. 3)

Senator the Hon Linda Reynolds asked the Department of Defence the following question, upon notice, on 1 May 2024:

What impacts will delays in project LAND 4140 will have on project LAND 400, what are the links between the two.

**Defence provides the following answer:**

LAND 400 has adopted the current Tactical Communications Network baseline as well as a temporary Battle Management System to support platform development along its project schedule. This mitigates potential impacts to LAND 400.

Delivery of future Battle Management Systems and Tactical Communications Networks will occur through LAND 4140 Land C4 Modernisation, which is adopting a continuous delivery approach to deliver a mix of Land C4 capabilities responsive to changes in threat, need and technology.

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# INQUIRY QUESTION

(Question No. 4)

Senator the Hon. Linda Reynolds asked the Department of Defence the following question, upon notice, on 23 April 2024:

Can you explain the discrepancy in the Report; specifically a conflicting number of minor and major projects in Defence. The Report lists 609 major projects and 93 minor acquisition projects with a total value of \$193 billion. Data on page 87 of the Report and in the Secretary's foreword, states there are 160 major projects and 10 minor projects at a lower total value.

**Defence provides the following answer:**

The Australian National Audit Office Independent Assurance Report section of the 2022–23 Major Projects Report identifies 609 major projects and 93 minor projects, with a total value of \$193 billion (page 3). This is a reference from the Defence Annual Report 2022-23, including all major and minor projects across the entire Defence portfolio.

The reference to 160 major and 10 minor acquisition projects with a total acquisition value of \$143.9 billion within the Secretary's Foreword (page 87) relates to the capability acquisition projects managed by Capability Acquisition and Sustainment Group, Guided Weapons and Explosive Ordnance Group and Naval Shipbuilding and Sustainment Group, which may be subject to consideration under the Major Projects Report.

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# INQUIRY QUESTION

(Question No. 5)

Senator the Hon. Linda Reynolds asked the Department of Defence the following question, upon notice, on 23 April 2024:

How are project management skills developed internally by Defence?

**Defence provides the following answer:**

Defence has an established Project Management Professionalisation Framework. The Framework includes a skilling and competency matrix that enables personnel to identify the project management skills required for current and future roles. A training course matrix supports the Framework, and facilitates the development of the required project management skills. The Framework is currently under review as part of the Capability Acquisition and Sustainment Group reform program. The aim is to enhance the Framework by providing more contemporary project management best practice training opportunities that supports building experience. It is anticipated the new Framework will be in place by the end of 2024.

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# INQUIRY QUESTION

(Question No. 6)

Senator the Hon. Linda Reynolds asked the Department of Defence the following question, upon notice, on 23 April 2024:

What are the current systems in place to assess risk, and how are risk management processes being improved?

### **Defence provides the following answer:**

The Capability, Acquisition and Sustainment Group (CASG) Risk Reform Program was completed on 11 March 2022. The Program modernised CASG risk management practices, while delivering a risk management system that:

- implemented cohesive and structured application of the ISO31000: 2018 risk management;
- defines the level and depth of risk planning for specific project, product and business scenarios;
- introduced the CASG Risk Management Manual and common risk language;
- standardised a structured approach for risk planning and management;
- provided a selection of appropriate methods, techniques and approaches; and,
- incorporated an information management system that mandated risk based decision making processes, actions and reporting.

The CASG Risk Management Manual mandates the use of the CASG risk tool (Predict!) for new and existing projects, products and business areas. Predict! delivers a modern risk management platform for Major Project Report projects, retiring the use of offline spreadsheets and facilitating improved risk management and governance processes throughout the capability lifecycle.

CASG is working with Defence groups to harmonise risk management systems to improve the management of enterprise, strategic and delivery risks for capability managers and delivery managers.

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# INQUIRY QUESTION

(Question No. 7)

Senator the Hon. Linda Reynolds asked the Department of Defence the following question, upon notice, on 23 April 2024:

How many major and minor projects have undergone an independent assessment, and what is the criteria to determine an independent assessment is required?

**Defence provides the following answer:**

The Independent Assurance Review program reviewed 103 acquisition projects and 33 sustainment products during 2022–23.

The criteria used to determine the requirement for a review includes a project's complexity; whether it has been categorised as a Project or Product of Concern or Interest; and whether the performance of the project or product suggests an independent review is required.

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# INQUIRY QUESTION

(Question No. 8)

Senator the Hon. Linda Reynolds asked the Department of Defence the following question, upon notice, on 23 April 2024:

What are the processes for the Independent Project and Portfolio Management Office, specifically how it interacts with Investment Committee and the DPM's Reporting, and how this relates to 'lessons learnt' around risk management?

**Defence provides the following answer:**

The Independent Project and Portfolio Management Office provides independent decision support and assurance functions, including consolidated enterprise acquisition and sustainment performance assessment and reporting.

The Independent Project and Portfolio Management Office reports to the Investment Committee to support its oversight of capability acquisition and sustainment delivery performance. These reports are used to identify lessons across project and program management, including risk management.