

SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES COMMITTEE
PROCUREMENT PROCEDURES FOR DEFENCE CAPITAL PROJECTS
ISSUES PAPER FOR WITNESSES APPEARING AT COMMITTEE 12-13 JUNE 2012
RESPONSES BY E.J. BUSHELL

Overview

The Root Cause

The Committee's Preliminary Report and its more recent Issues Papers record a wide range of problems with Defence/DMO management of Capability Development, Acquisition and Sustainment activities, and set out to identify some of the possible reasons for these problems. However, in the process of analysing what ails an organisation, and how best to remedy matters, it is critical that the 'Root Cause' be identified – that one cause from which all that followed resulted. Once the root cause has been identified, an organisation may be returned to health quickly and effectively, and is able to be kept in that state provided there is an effective management feed-back loop.

The root cause behind the problems that have beset Defence and the DMO may be traced to what is known, and has now been identified to be rampant in Defence, as *'The Dunning-Kruger Effect'*:

"The Dunning-Kruger Effect is a cognitive bias in which unskilled individuals suffer from illusory superiority, mistakenly rating their ability much higher than average. The bias is attributed to a metacognitive inability of the unskilled to recognise their mistakes. Conversely, actual competence may weaken self-confidence, as competent individuals may falsely assume that others have an equivalent understanding."

The root cause started with what may only be called the *'purge in Defence'* that occurred over the period 1999 to 2002. This saw the departure, often forced, of those skilled civilians and service people who possessed the competencies that the Committee has found lacking today. These people were then replaced by unskilled people who were required to demonstrate *'conformity and compliance'* up the line, and who were prepared to impose it down the line.

The scene was thus set for the growth of *'conformity and compliance'* throughout the Defence organisation as the Department grew and grew – fed by the growth in processes needed to implement the seemingly-endless recommendations stemming from a continuum of inquiries and reports. *'Conformity and compliance'* has now become the primary tool of management used by Defence portfolio executives, and that is where change needs to be focussed.

Today, the growth of *'conformity and compliance'* continues with Defence's recently issued *"Pathway to Change – Evolving Defence Culture"* – the Department's answer to the Black Report's criticism of a lack of accountability throughout the Department, a move that I have challenged in my recent Submission No. 3E

Defence has not understood that culture is a consequence, not a cause, of poor management. Sufficient to say here that the real objective of *'Pathway to Change'*, as identified at Chap. 3.4, is aimed at strengthening the Department's demand for *'conformity and compliance'* throughout Defence and the Services – a typical Dunning-Kruger Effect response.

Other Matters

There is much in the Committee's Preliminary Report and Issues Paper that resonates with me, as well as many others with whom I have shared my concern, principally because:

- Most, if not all, of the substantive matters raised in the issues papers have been provided to senior Defence Portfolio officials, as well as successive Defence Ministers, Governments and Parliamentary Oversight Committees over the past decade or so in submissions from private citizens, Industry and Academia.
- The contents of both documents demonstrate an understanding and a set of realisations that have been missing over the same decade or so.
- Furthermore, few if any of the substantive points in the papers appear to have come from senior Defence Portfolio officials, or the highly paid consultants engaged by them or successive governments at great cost to the taxpayer.

While the proof for these observations may be found on the Australian Public Record, the major question that arises is why has it taken a decade or longer before a higher level of governance of the Defence organisation decided that Defence needs major reform?

As indicted previously, it is important to focus upon the root cause behind the problems seen within Defence. Hence, the accountabilities for the current state of affairs in Defence and the DMO need to be attributed clearly to where they in fact reside, which is not usually with those at the working level who have been given the responsibility, but not true accountability, which should include the authority and the required resources, to do the job properly. Hence, where the terms 'Defence' and/or 'the DMO' are cited in relation to accountabilities and management responsibilities, the Committee should read 'senior Defence portfolio officials'.

1. RISK MANAGEMENT AND COMPLIANCE

I strongly disagree that Risk Management is convoluted, when done by people having the requisite knowledge, experience and expertise.

Australia's Risk Management Standard (originally AS/NZS 4360, now AS/NZS 31000) was recognised as world's best practice and formed the basis of the current International Standard (ISO 31000). Put simply, the procedure is a straightforward one— Identify, Analyse, Assess, and then Mitigate/Treat the risk; with Assessment being a Mathematical/Engineering methodology combining "*probability of a risk materialising*" with the "*consequences if the risk does materialise*" in order to determine the "*Level of Risk*". See also Note 1 below.

While I also have some reservations about Defence policy and documents not being a problem, since many of these have been progressively "dumbed down" over the past decade to fit more comfortably with Defence/DMO's business' acquisition processes, I agree that non-compliance is one of the core issues and problems.

However, the root cause behind the perceived unawareness and desensitisation to risk may again be traced to the Dunning-Kruger Effect, which has led to a lack of required operational and technical skills and competencies appropriate to the type of project being administered by senior Portfolio officials in Defence and the DMO, together with their inability to manage projects under normal project management disciplines.

Mr King's comments clearly confirm this— most project risks should be identified, analysed, assessed and mitigated before contract signature, or shortly thereafter – but the DMO has been repeatedly unable to identify risks, let alone manage them to ensure that they don't arise, or manage them should they arise. This will continue under the 'business - focussed' processes that have been adopted by the DMO, and projects will continue to end up in or near the 'projects of concern' basket

for attention by people who are just as lacking, if not more so, in operational and technical skills, and project risk management competencies to do the job properly.

Major project risks are embodied in functional/performance/operational/technical deficiencies, including the setting of the associated requirements, as well as shortcomings in contractor competencies and capabilities, both areas that demand specialist knowledge and project management disciplines not found in senior portfolio positions, either in Defence or the DMO. Neither organisation's senior leadership groups, nor the governance structure in around around them, appear to have even an elementary grasp of project risk, let alone how to manage it, a clear indication that the Dunning-Kruger Effect has stripped out the core skills and competencies needed in critical project/risk management areas.

Previous References

- Risk management within the DMO, and its associated flawed 'Lessons Learned' methodology, have been traced and analysed in detail in my submissions to the JCPAA in regard to all DMO Major Project Reports issued to date.
- The common reasons behind project problems as reported by Project Managers were summarised at Annex C to my Submission No. 3D. These go to the heart of the DMO senior Defence Portfolio official's lack of relevant functional/ performance/ operational/ technical/ project management skills and competencies, inherent in their inability to identify and manage risk.
- At a higher level, the core inabilities of senior Defence Portfolio official to manage risk were analysed and assessed in Submission No. 13 to the JSCFADT Review into DAR 2010-11, a copy of which was tabled on 12 June for the Committee's consideration as part of my testimony to the inquiry.

Solution.

Both Defence and the DMO lack critical operational and technical skills and project management competencies at all levels. Defence's matrix management model with its common - user, service – provider focus is wholly inappropriate for the management of defence and its capability requirements. Within the DMO, entrenched capability and sustainment problems have resulted from the adoption of commercial/'business' –like processes rather than project/engineering disciplines.

Until Defence/DMO/Service structures and accountabilities are revised to align primary accountabilities with management responsibilities, authorities and resource allocation, the current situation will continue and further decline.

These conclusions are analysed at my recent Submission No. 3E.

The simplest and most cost effective solution, overall, would be to engage those who have demonstrated they have the competencies and skills, together with the wisdom that comes from knowledge and experience, to assist all three levels of Defence Governance – the Executive, Directing, and Oversight Level of Governance – to rectify the problems seen by the Committee in Defence, today.

Note 1: Identification of the root cause is achieved through a combination of standard Performance Assessment (PA) and Root Cause Analysis and Assessment (RCAA), together known as PARCAA. PARCAA is the longitudinal, historical-based management tool that mirrors and complements the future predictive tool of risk management (RM). Both are key elements of the disciplines of Engineering and Strategic Management, the outcomes of which, if considered as the trunk of a classic oak tree, PARCAA and RM are the root structure and the canopy, respectively.

PARCAA and RM are standard management tools and practices of any competent professional manager and organisation that has embraced a continuous improvement approach and can claim to be at the Carnegie Mellon Capability Maturity Model (CMM) Level of 3 or higher.

That the US Government had to enshrine the application of PARCAA in Statute (Weapons System Acquisition Reform Act of 2009) is indicative that Australia is not alone in the prevalence of the Dunning Kruger Effect within the senior levels of its Department of Defence.

However, as seen with the Goldwater-Nicholls Act of 1986, and the Nunn-McCurdy Amendment of 1983 to the Defense Authorisation Act, perturbations due to the inappropriate influence of the Military Industrial Congressional Complex (MICC) in the USA have ways of misdirecting even the best of intentions.

2. ACCOUNTABILITY AND RESPONSIBILITY

Culture is a consequence of poor management, not a cause of poor management

Defence accountability and responsibility problems are not curable through 'cultural' change. Such problems are symptomatic of a failed management organisation. If accountability is to be demanded, it must:

- Be traceable directly to the functional objectives of the organisation.
- Defined clearly, unambiguously and not diffused or duplicated.
- Realistic and achievable.
- Ensure that those held accountable have the authority and resources required to discharge their accountability.
- Have a continuous performance measurement system (feed-back management loop) in place to provide timely advice of departures from organisational plans and objectives to aid those held accountable and governance oversight.

Defence (and the DMO) is not a functional organisation, and was never designed as one, so true accountability will never be one of its features.

The key appointments in the capability loop, whose accountabilities are now being reinforced by amendments to Project Directives, Materiel Acquisition Agreements, Materiel Sustainment Agreements and Project Charters, will still be unable to discharge their accountabilities because the five prerequisites for accountability are not in place. The result of all Defence's reorganisation, sharpening of accountabilities, and the resulting load of process will achieve nothing other than to add further complexity, confusion and inefficiency to a failed organisation.

Previous References

- Accountability was discussed in my Submission No. 3.
- Defence/DMO management methodologies were analysed in my Submission No. 3A.
- The 'Black' Report was analysed at my Submission No. 3B.
- Accountability and cultural change ('Pathways') was analysed at my Submission No. 3E. 'Pathways' is merely a means of further entrenching conformity and compliance throughout the Services and the Department. It will produce no improvement in Defence accountability.

Solution

As for Item No. 1.

3. COMMUNICATION AND INTEGRATION

The Project Initiation Board proposal, based upon capturing knowledge from previous projects, emphasising knowledge management and getting general management engagement will not improve capital equipment acquisition. At that level, the Board will have nobody who has the faintest idea about the hard operational and technical aspects of the capability, or how the project should be managed. The Service Chiefs certainly need to be involved, but need the accountability prerequisites specified at **2** above.

Parlous communications and the lack of open, honest critical debate lie at the heart of the problems in Defence and the DMO.

The moribund and dysfunctional nature of communications in and about Defence is evident in many, if not most, aspects of the way the way the organisation goes about its business. This can be seen in many of the behavioural traits of senior Defence and DMO officials observed over the past decade or so, including:

- The provision of testimony to Parliament based upon unsupported assertions and personal opinions of a form that would not be accepted as evidence in any court of law in Australia.
- Classic denial behaviour when confronted with data and facts that challenge the group think within Defence, often using, quite inappropriately, the excuse of national security classification as a means of avoiding the facts.
- Avoidance of contestability by ignoring any message that challenges the group think in Defence, often 'shooting the messenger' with extreme prejudice.
- Reliance upon what they have been told by overseas primes rather than exercising due diligence by checking the veracity of what they are told.
- Acting more like 'marketing agents' for overseas primes rather than representatives of their customers, the Australian people and the national interest.
- Following the ethos of '*conformity and compliance*' by telling the Government and people of Australia what they think the politicians want to hear as opposed to what they need to hear through frank, honest and fearless advice.
- Covering up and discouraging the disclosure of mistakes, such as that the AIR 5077 Wedgetail AEW&C capability does not meet specification in major design areas, and that some \$300 million has been invested in equipment and materiel that is either 'out of scope', 'surplus to requirements' and/or 'not applicable or useable' on Wedgetail.

These and other such behavioural traits are classic symptoms of the deeply entrenched Dunning-Kruger Effect institutionalised in the Canberra based elements of the organisation following the purge in Defence of 1999-2002.

4. CONTESTABILITY AND INDEPENDENT ADVICE

Under current Defence/DMO organisations, too many appointments become involved that have no relevant skills and competencies base. They merely clutter up the process, double-guessing without having any relevant knowledge or accountability. There would be no value in trying to integrate them into the present Defence/DMO organisations.

The Gate Review methodology for oversight and Project Management is a well understood and applied discipline within Industry and has been for decades. Another common name is the Go/No-Go Process. In Defence and the DMO, Gate Reviews and other higher-level governance oversight bodies are currently of little, if any, value because:

- Project requirements are, from the very beginning, poorly understood, poorly scoped, poorly costed and poorly managed by staff having inadequate knowledge of the operational/technical/requirements/risks and the project management tasks involved.
- Gate Review Boards, and other higher-level oversight bodies, have an even vaguer understanding of the project. At present, problems are frequently overcome only through negotiated surrender and money.

That Gate Reviews were hailed in 2008/09 by senior Defence Portfolio officials in the DMO as some new management masterstroke is testament to a parlous state of affairs in both Defence and the DMO.

While there is certainly a need for contestability and independent advice, at the very least this is seen to be needed at the two levels of:

- Strategic advice during the early capability determination phase to ensure that the capability fits properly into Australia's defence capability and force structure needs.
- Advice during the Project requirements determination and selection phases to ensure that the most appropriate capability is acquired.

The source of such advice needs much better thought out so as to ensure that only competent organisations and individuals with demonstrated expertise are selected to provide such advice. Having worn a uniform or spent many hours employed in the Department of Defence does not demonstrate required expertise.

FDA Division

While there is a real need for an independent review of capability development and acquisition decisions, there are four prerequisites that must be met if this function is to be managed successfully:

- It must be integrated with, so that it knows what is going on, but independent of, the Project Office and the Executive Level of Governance, so as not to be subjected to, or able to be subjugated by, the day-to-day pressures of the Executive Level of Governance.
- It must not have any executive power or authority to over-rule Projector Executive Management.
- It must be manned by competent personnel with the requisite expertise.
- It must be resourced so as to be able to report to, and be able to accept tasking from:
 - The Project Office;
 - The Executive Level of Governance;
 - The Minister; namely the Directing Level of Governance (for whom it works within the overall Governance Structure);
 - The Parliament; namely, the Oversight Level of Governance (to whom it reports on a regular basis)

One Defence View

Defence has been trying to achieve a system of fully integrated processes and accountabilities, from the top to the bottom of a single defence force, to facilitate departmental administration since the 1980s, but with a decreasing level of success. Its failure was perfectly demonstrated by the decay of Navy's supply ship and submarine fleets, and was reinforced by the Committee's Preliminary Findings, which described the bewildering complexity of Defence's ineffective administrative processes.

While the establishment of a single defence force may suit the Department's perceived matrix management processes and service-provider model, it is wholly inappropriate for the management of Australia's military Services with their very different operational and highly technical challenges and dependencies. Cole and Rizzo have both pointed to the disasters that have resulted from the disbandment of Service Engineering Branches and the Defence's organisation's lack of focus upon military capabilities-indeed not noticing the problems mentioned above at any level of the organisation over a decade.

Defence's current attempts to pursue 'One Defence View' will only add to further complexity and act against the Services being able to meet their single Service capabilities. Defence also displays a dangerously poor understanding of 'jointery'.

To resolve and accommodate these risks and their related political sensibilities, a modified approach has been recommended for consideration by the Minister for Defence; namely, "*One Australia Defence View*" with a focus on outcomes, and seeking and achieving what is best for the defence and security of Australia and maintaining and sustaining peace in our region.

In short, *One Defence View*, in its present form, is unhelpful and misleading, and may well be yet another case study of the Dunning-Kruger Effect. It needs re-thinking.

Previous References

- Annex A to my Submission No. 3D-Common Reasons Behind Project Problems.
- Submission 3E – Assessment of '*Pathway*'.

5. RIGHT PEOPLE, SKILLS AND EXPERIENCE

The failures in Defence capability development, acquisition and sustainment have arisen directly from three major causes:

- Inadequate operational/technical skills and competencies.
- The failure to adopt proven project management methodologies.
- The adoption of a matrix, service-provider, administrative process model in Defence, and a commercial, 'business' orientated project management process in the DMO, both completely inappropriate for the management of military capabilities.

Those involved in capability development, acquisition and sustainment must know what they are managing – currently they do not. Those involved must also know how to manage – currently they do not.

The skills required must relate to the operation and technology of the systems being managed, and these skills can come only from the user Service – they cannot be duplicated or replaced by any internal or external organisation. Primary accountability for capabilities rightly rests with the Service Chiefs, but they are not organised, manned or skilled to discharge their responsibilities. This has to be corrected before anything will improve.

The Solution

See item 1.

6. TEST AND EVALUATION

Test and Evaluation (T&E), just like Risk Management in Defence, is another area where senior Defence Portfolio officials have little or no understanding. This wasn't always the case, as advisories, such as that provided to the current CDF at a meeting in 2006 that he had requested with a domain expert in T&E, show:

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02 May 2003

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FACSIMILE NUMBER: (02) 6265 2375
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Subject: CONTINUOUS IMPROVEMENT OR CONTINUOUS RE-INVENTION ?

Dear Mr Smith,

Thank you for your response to our letter of the 31st of March on Test and Evaluation (T&E). I have passed it on to our T&E associates and will respond in full as soon as I have their input. In the interim, I feel I should provide some clarification on one of the points made in your letter.

The requirement for the concept of operation, function and performance, and T&E of a Capability System to be specifically addressed before a project is approved has been Defence policy since the early 1990's. This has also been world's best practice since the early 1980's. As an officer in the RAAF, I was trained in this doctrine at US Naval Test Pilot School back in 1981.

On the point of training, Defence has expended tens of millions of tax payer's dollars in Systems Engineering Training over the past 12+ years. An engineering tenet taught on these courses is that the definition of a capability need and the resulting derivation of functional, operational and performance requirements must also include the predetermination of how the satisfaction of such requirements will be demonstrated and proven – one of the fundamental aims of T&E.

Industry responded to this doctrinal need by developing computer based tools to aid in the tracking of requirements and their satisfaction through the capability systems life cycle. One such tool was developed locally and used to great effect in the pre-contract stages of the AEW&C Project throughout the 1990's. Again, Defence spent a lot of money in obtaining, training on and using such tools with the aim of ensuring that requirements qualification (eg. by analysis, inspection, demonstration and/or test) would occur.

Therefore, who ever is telling you this is a 'new' requirement which, somehow, "was initiated by the DMO" have little appreciation of this doctrine or its origins and would fall into the category described in the Preface to VCDF's Capability Systems Life Cycle Management Guide of December 2001, namely:

"1. This manual is intended as a primer for those with little or no previous experience of capability systems life cycle management."

I suggest they would do us all a favour to study this Guide and the resulting Manual of November 2002. However, it should be noted that the changes to Part 5 of the Guide in its production as Chapter 5 of the Manual have detracted greatly from the self evident purpose intended by VCDF, particularly in the areas of accountabilities and the governance requirements on the DCIC. On this point, we and our associates recommend this area be re-aligned back to the original intent contained in the Guide.

Given what some people would have told you about me and our Company, as inferred from the tone and content of your letter (such adverse gossip and technological hubris being why we found ourselves 'being sent to Coventry' some three years ago), you may wish to independently confirm the above history. To assist in this regard, I refer you to the following Defence files and publications, as well as their predecessors dating back to 1991 (and, in some cases, earlier), especially those relating to Defence T&E Policy.

Reference No	Title
2001/1158/1	Testing, Evaluation, Certification and Technical Regulation
2001/21844/1	Preparedness Branch - Test and Evaluation Policy
2001/32714/1	ANAO Second Discussion Paper on Defence Test and Evaluation (<i>and related files</i>)
2001/7497/1	Test and Evaluation Audit – DTRIALS Aspects
2001/7875/1	Defence Test and Evaluation Policy - SA-A Aspects
2002/32502/1	Test and Evaluation Policy (<i>Recommend review of earlier files back to 1991</i>)
CEPMAN 1	Capital Equipment Procurement Manual - Volume One
DI(G)LOG 08-10	Defence Test and Evaluation Policy
AAD_QMS	Aerospace Acquisition Division Quality Management System Procedures
DI(AF)OPS 1-15	Type Certification of State Aircraft and In-Service Management of Airworthiness
AAP 7001.025-1	Configuration Management Technical Procedures for Design, Development, Production and Modification of RAAF Technical Equipment, Feb 1985 – Historical, replaced by TAMM
DI(AF)LOG 2-105	The Discipline of Engineering and its Application to RAAF and other Technical Equipment

Such a review will also go some way to confirm the history of what has happened with T&E Policy and T&E in general in Defence since 1991, as outlined in our letter of the 31st of March, last.

Alternatively, you may wish to just look at a specific project. To assist, I have attached an extract from the Test and Evaluation Master Plan (TEMP) for AIR 5077. This TEMP was released in Nov 96; however, by some degrees, its development and that of the related T&E requirements pre-dated this and project approval.

By now you may be asking, “Well, if these supposedly ‘new’ initiatives have, in fact, been requirements for as long as this chap is telling me, then why are things the way they are; why isn’t T&E delivering?”

The answer to this question rests in my letter of the 31st of March and, in particular, the attachments that had also been provided to the DMO, and the USDM in particular, starting in 2000. It also follows from something that Mr Roche had quite incisively observed and raised with the Senate Inquiry on the 7th of February that goes some way to ‘*hitting the nail on the head*’; namely:–

Mr Roche—....The problems that we had with those projects were not related to not knowing what the problems were. It was not a case that these platforms were not tested and that no-one knew what the problems were. *We knew what the problems were, but it was a question of whether people were doing anything about them to fix them.*

A key to effective outcomes from the application of T&E principles and disciplines is to assure the Defence Executive with the ‘**Ensures and Contributes Accountabilities**’ for Capability Systems are comprehensively and fearlessly informed about risks, in a timely manner, so that appropriate management actions are established and, moreover, supported to mitigate such risks.


This must be done despite the day to day pressures within the Project Office and its Executive Organisation.

To do otherwise is currently putting our fighting men and women at risk and, unduly, costing us dearly.

This is why, to be effective, T&E in Defence needs to be ‘*independent of...but integrated with*’ the other functions that power the capability system through its life cycle. T&E is the feed back loop to the Capability Systems Life Cycle Process with one of its primary functions being the identification and reporting on risks as early as possible in the process. Hoping this all helps.

Yours sincerely,

Digitally signed by Peter A Goon,
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Peter Goon
 Managing Director

Encl.

Date: 02 May 2003

File: FirstResponse_DEFSEC_T&E_Forget_02May03.doc

That none of this advice was heeded, but ignored with prejudice, testifies to the fact that the Purge in Defence of 1999 - 2002 had successfully institutionalised the Dunning-Kruger Effect within the senior leadership levels of Defence and the DMO, and this remains the case today.

7. DEFENCE'S RELATIONSHIP WITH INDUSTRY

Defence has a poor relationship with Industry because, among other things, its senior officials speak a different language to Industry and have little idea of how to do good business, or what Industry needs from Defence in order to better support the defence and security of Australia.

Senior Defence officials speak in terms of processes, and their own often personal agendas, rather than outcomes for the national interest, and have little if any knowledge of what they are managing or how such things should be managed.

Industry wants and tries to speak in terms of requirements and outcomes, operational and technical, within a project management context. Defence senior officials want Australian Industry to always do things their way, even if it leads to unnecessary confusion, costs and delays. The DMO General Manager – Commercial, Mr Harry Dunstall, made this clear when he appeared before this Committee. However, Defence bows to the big foreign manufacturers, seemingly on the grounds that they represent lower risk or provide an avenue wherein these officials think they can avoid risk by passing it off to one of the 'big guys'. Defence handles local SMEs harshly if they do not toe the line, which may result in company failure, without redress.

Defence is neither organised nor skilled to manage Defence Industry simply because senior Defence Portfolio officials '*don't know what they don't know*' about Industry; have little understanding of Industry; and, almost always ignore the advice of independent domain experts in Industry as well as Academia, usually with extreme prejudice.

8. CHANGING ENTRENCHED ATTITUDES

The matters raised in the Issues Paper are agreed. Changing attitudes to change behaviours is the real pathway to creating the right culture.

However, as discussed previously, the cultural changes embraced by Defence under '*Pathway to Change – Evolving Defence Culture*' will not remedy any of the deficiencies identified by Dr Hawke well over a decade ago – these are functional management activities, and Defence does not have a functional management structure. Defence's changes are designed solely to deepen a culture of *conformity and compliance* across both the Services and the Department. Such changes carry a real potential to further cripple Australia's military capabilities, including the Services that are charged with providing them.

A point that should not be lost on the Committee is that Dr Alan Hawke was in Defence during the Purge in Defence that took place over the period 1999-2002.

9. RECENT GOVERNMENT ANNOUNCEMENTS

Defence and the Services are not well prepared to contribute to what needs to be a realistic 2013 Defence White Paper.

Neither has the skills and competencies base from which accurate and convincing capability analyses will emerge. Furthermore, some decisions seem already to have been taken which will pre-empt White Paper decisions. For example, \$214million has been allocated to the Future Submarine Project, but it appears that no capability requirement has been established. We don't know what is required, or why, or how it will fit into the Force Posture Review.

Moreover, by all accounts, the bulk of this budgetary allocation is earmarked to be spent on engaging overseas organisations, providing little if any opportunity for Australian experts in industry to contribute.

Once again, senior Defence portfolio officials have failed to learn from the lessons of the past. For example, every risk that has now materialised in AIR 5077, Project Wedgetail, is contained in the Risk Registers produced by the Australian Industry IV&V for Wedgetail Team prior to that team, and its contract with the Commonwealth, being shut down by those in Defence responsible for the purge of expertise. AIR 5077 should have been a premier acquisition program, but has become yet another *Projects of Concern* basket case.

Similarly, the new air combat capability decisions taken to date, and current NACC planning, will be difficult, if not impossible, to rationalise against the airborne and anti-access/area denial (A2/AD) threat capabilities that are emerging in our region today, let alone those that will almost certainly be in our region post 2015.

Again, the weaknesses that have emerged in Australia's strategic planning and capability acquisition may be traced to the Dunning-Kruger Effect that has swept through all levels of Defence and the Services following the purge in Defence of 1999 to 2002.