



Australian Government

Department of Defence

**JOINT COMMITTEE OF PUBLIC ACCOUNTS AND
AUDIT INTO THE
2015-16 DEFENCE MAJOR PROJECTS REPORT**

**Department of Defence
Written Submission**

MARCH 2017

Executive Summary

In February 2017, Defence was informed that the Joint Committee of Public Accounts and Audit would be considering the Australian National Audit Office Audit Report No. 11 on the *Tiger Armed Reconnaissance Helicopter*, as part of the Major Projects Report inquiry. Subsequently, Defence was required to provide a written submission detailing the progress of the recommendations made in the report.

The report contained two recommendations; the first focused on a Defence wide lessons learned program, the second focused on advising Government of the value for money in investing further in the Tiger Armed Reconnaissance Helicopter aircraft.

Defence is in the process of closing recommendation one. Recommendation two is tracking to be completed by the new estimated completion date of 30 November 17.

Introduction and Overview

The purpose of this written submission is to provide an update on actions taken by Defence in implementing the recommendations identified in the Australian National Audit Office Audit report No 11 2016-17 *Tiger – Army's Reconnaissance Helicopter*.

Background

On 1 September 2016, Australian National Audit Office tabled an audit report on the Armed Reconnaissance Helicopter introduction into service and sustainment. The report made the following two recommendations, which were agreed by Defence:

Recommendation one – Defence implements arrangements to capture in its policies and procedures the lessons learned from project reviews of contract and sustainment arrangements. Key lessons learned should also be disseminated to relevant internal stakeholders; and

Recommendation two - Defence assesses, and advises Government, on the value-for-money in investing further in the Tiger aircraft fleet for only a short period of improved performance, against other alternatives. This assessment should take into account the associated technical risks of upgrading an aircraft which has not fully delivered the level of capability originally expected by Government.

The status of the implementation of the recommendations is:

Recommendation 1: Following the tabling of Australian National Audit Office Audit report No 1 2011-12, *The Australian Defence Force's Mechanisms for Learning from Operational Activities*, the Secretary and Chief of the Defence Force established a centralised Defence Learning Program to improve whole-of-Defence capability. The aim of the Defence Learning Program is to ensure that Defence is able to position itself to learn from the myriad activities it conducts, therefore improving its delivery of required outcomes in support of Government's strategic objectives.

In addition to the Defence Learning Program, the Capability Acquisition and Sustainment Group Lessons Learned is intended to support development and implementation of Group wide Lessons Learned management system and infrastructure that supports the identification and communication

of Lessons Learned by all Australian Defence Organisation members which may impact on Capability Acquisition and Sustainment Group areas of responsibility. Capability Acquisition and Sustainment Group – Lessons Learned encourages the use of a common language and lessons framework to facilitate Defence-wide sharing of information while enabling tailored Lessons Learned based on the nature of work within Capability Acquisition and Sustainment Group.

This recommendation has been closed on the Audit Recommendation Management System.

Recommendation 2: Defence intends to present options for the LAND 9000 Armed Reconnaissance Helicopter Capability Assurance Program to a Gate Zero review in the fourth quarter of 2017. The Gate Zero review considers a Business Case which specifically address capability, technical risk and value for money aspects associated with supporting the Armed Reconnaissance Helicopter Tiger fleet through its replacement. The developed options will also consider the opportunities and risks that exist for linkages to future capabilities.

The outcome of the Gate Zero review by Defence will be advised to Government in the fourth quarter of 2017.

Defence initially planned to complete Gate Zero in mid 2017. The delay is due to Industry engagement taking longer than planned. The delay will have no capability impact. This recommendation is now planned for completion in the fourth quarter of 2017 following the Gate Zero presentation.

Defence Issues

Defence has closed Recommendation one. Recommendation two is tracking to be completed by the new estimated completion date of 30 November 17.

Way Forward

Defence will actively seek formal closure of recommendation one and ensure that all evidence is provided and the recommendation closed in Audit Recommendation Management System.

Defence will continue to monitor the progress and closure of recommendation two and ensure it meets the estimated completion date of 30 November 17 having satisfied the intention of the recommendation.

Conclusion

Defence has incorporated recommendation one in to the existing Lessons Learned framework and recommendation two is tracking to be completed by the new estimated completion date of 30 November 17.