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Dear Committee Secretary,

15 December 2022

Committee Secretary  
Joint Standing Committee on Foreign Affairs, Defence and Trade  
PO Box 6021,  
Parliament House,  
CANBERRA ACT 2600

via email: [jscfadt@aph.gov.au](mailto:jscfadt@aph.gov.au)

## **Response to questions on notice from Babcock Australasia to the Inquiry into the Defence Industry Security Program Auditor-General's Report**

Babcock thanks the Joint Standing Committee on Foreign Affairs and Trade for the opportunity to respond to its Inquiry into the Defence Industry Security Program Auditor-General's Report.

As requested by the committee Babcock would like to respond to two questions on notice by the committee:

### **1. Defence Vetting Streamlining**

The current model of centralised vetting came into existence in response to the ANAO report into whole of government vetting processes (Auditor-General Report No. 38 2017–18 Mitigating Insider Threats through Personnel Security). The key outcome of this model has been the commonality of standard by which the delegate, AGSVA, issues clearances.

The recommendation made during the parliamentary inquiry does not seek to change this but seeks to find a way to streamline the assessment process so that it reduces the time taken to undertake the assessment process as well as reducing costs.

To expand on the comments made in the submission for clarity. Currently all DISP members are required to undertake Employment Screening in accordance with the updated Australian Standard. the range and type of checks that organisations undertake is in accordance with their organisational risk they are also undertaken as part of the vetting process. For example, identify confirmation, Police Check, Employment and personal reference checks, qualification confirmation, employment history, to name the most common.

Given that both entities need these checks to be undertaken as part of the process to determine the suitability of an individual there are efficiencies both in time and cost in developing a means by which the organisation could undertake the check and pass them onto Defence.

A solution that allows AGSVA to outline a standard by which they will accept checks that are common between the two assessments so that organisations pass on the work undertaken during their employment screening. This would facilitate the collection of information and reduce the need to duplicated processes by AGSVA thereby streamlining the timeline

## 2. Assurance of medium to larger DISP entities

The current model of audits undertaken by Defence are in the most part upon the aspects of physical security and the annual response. These audits focus compliance with the creation of templated documents and summary reporting of compliance with administrative governance requirements.

While these audits are necessary, they are focused on the application of minimum standards and are not an assessment of whether the organisation has developed an understanding of its risks and has in place adequate safeguards.

As Defence industry entities evolve and move up the DISP levels, they have access to greater levels of aggregation of information about operational activities and future capability. This in turn exposes greater risk to Defence that are not considered as part of a compliance focused audit program.

To meet these risks, DISP entities will need to be able to create policy, procedures, and instruction outside of the templates that suit governance and operational structure.

An assurance practice based upon a Capability Maturity Model like what the Defence Security Research Framework has develop process in which the capability of an entity is assessed against:

- their ability to understand their risk environment (both defence and commercial inputs);
- means of assessing effectiveness of mitigations strategies; and
- respond to changes in threat/vulnerability in a timely manner.

The difficulty that will arise from this is the ability to undertake assessments in the governance documentation, performance of risk programs and the delivery of controls as this will require qualitative, rather than quantitative, capabilities within the assessment team and the current education and development of capability does not facilitate the level of skills, knowledge and experience required.

Finally, we firmly believe in the importance of a robust Defence Industry Security Program and acknowledge the work Defence is taking in relation to the recommendations of the Auditor-General. If the Committee requires any further information, please do not hesitate to contact me.

Yours sincerely,

**James Jordan**  
National Security Manager  
Corporate Services | Australasia