

Joint Committee of Public Accounts and Audit

Parliamentary inquiry – Defence First Principles Review and Naval Construction - Inquiry based on Auditor-General's reports 34 and 39 (2017-18)

ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: JCPAA - Defence First Principles Review, Naval construction - Auditor-General's reports Nos 34 and 39 - 12 Sep 2018 - Q2 - skills transfer

Question reference number: 2

Type of question: Written

Date set by the committee for the return of answer: 10 October 2018

Question:

How are you measuring what skills are being transferred from contractors to Defence staff?

How often are you measuring the transfer?

Is the transfer of skills included in the contracts of all the contractors?

If not, why not?

If so, how do you articulate this?

Are there deadlines?

Are there targets for the number of people who benefit from the transfer? (p. 31 – 2.49 Auditor General's report 34)

Answer:

Contractors make an important contribution to Defence's workforce, providing skills, expertise and professional insights to support us in building organisational capability. Such skills are often required only on an occasional basis, so it makes financial sense to procure them through contractual arrangements rather than build them into the permanent Australian Public Service workforce. Such an approach helps Defence to respond flexibly to Australia's fast-changing strategic environment.

In the context of implementing the First Principles Review, Defence engaged contractor support to assist us with capability reforms, including the design and implementation of the Smart Buyer framework and review of the Systems Program Offices.

Critical to our engagement of contractor support has been ensuring the transfer of skills and knowledge to Defence staff. The Official Order of a recent contract stated that "Defence requires qualified experience...provide a transfer of capabilities, knowledge, skills and responsibility to the Commonwealth to ensure the integrity...reforms are achieved and sustainably maintained."

While the measure of skills transfer will be fully realised when the tenure of the current contract expires, we are already observing instances of knowledge transfer and capability growth within the Defence workforce. This includes:

- Transition of Smart Buyer (Acquisition) which introduces a method of assessing risk and the development of project execution strategies, extracted from practiced methodology. Smart Buyer is managed by Defence staff across the Capability Acquisition and Sustainment Group and the Estate and Infrastructure Group;
- Systems Program Office Reform reviews where contractors provided recommendations based on best industry engagement models, and contract management practices through application of Industry experience. The methodology for the reviews has been transitioned to Defence staff; and
- Development of the Centres of Expertise and transition to a balanced matrix, learning how functions support delivery.