

Joint Committee of Public Accounts and Audit

Defence Sustainment Expenditure – 31 March 2017

ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Relative sizes of Sustainment and Acquisition budgets

Question reference number: 1

Senator: The Committee

Type of question: Written

Date set by the committee for the return of answer: 1 May 2017

Question:

What are the relative sizes of the total sustainment and acquisition budgets and how will they each grow over the short and long term?

Answer:

The following table is based on data from the 2017-18 Portfolio Budget Statements Table 4. *Capital Investment Program* and Table 5. *Capability Sustainment Program* found on page 22.

	2017-18	2018-19	2019-20	2020-21
	\$m	\$m	\$m	\$m
Acquisition	11,601.7	12,912.1	14,033.6	15,984.0
Year on Year Growth		1,310.4	1,121.5	1,950.4
Year on Year Growth (%)		11.3%	8.7%	13.9%
Growth against 2017-18 Baseline		1310.4	2431.9	4382.3
% Growth against 17-18 Baseline		11.3%	21.0%	37.8%
Sustainment	9474.2	9931.9	10743.4	11508.3
Year on Year Growth		457.7	811.5	764.9
Year on Year Growth (%)		4.8%	8.2%	7.1%
Growth against 2017-18 Baseline		457.7	1269.2	2034.1
% Growth against 17-18 Baseline		4.8%	13.4%	21.5%
Percentage of Sustainment to Acquisition	82%	77%	77%	72%

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ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Sustainment Reporting - Planned vs Achieved

Question reference number: 2

Senator/Member: The Committee

Type of question: Written

Date set by the committee for the return of answer: 1 May 2017

Question:

Does Defence believe that their sustainment reporting achieves a ‘clear read’ between what is planned and what is achieved—a key principle of the Commonwealth Performance Framework established under the Public Governance, Performance and Accountability Act?

Answer:

Yes, Defence provides a considerable number of public reports that satisfy this requirement.

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ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Portfolio Budget Statement - Publication of Actual Project Expenditure, Variation & Achievement information

Question reference number: 3

Senator: The Committee

Type of question: Written

Date set by the committee for the return of answer: 1 May 2017

Question:

Noting there is project level information in Defence's latest Portfolio Budget Statement; is it accurate to say that Defence no longer publishes actual project expenditure, variation and achievement information for the top 30 sustainment projects in its latest Annual Report, as it did in the 2013-14 Annual Report?

- a. If this information is available, please explain where this information is published.
- b. If this information is not available, please explain why it is no longer published, and if there is any reason why at least the level of reporting in the 2013-14 Annual Report cannot be reinstated?
- c. If this reporting regime was changed, how was Parliament informed of this change?

Answer:

Project level information in the Portfolio Budget Statements, including actual project expenditure, variation and achievement information for the Top 30 Sustainment products, continues to be published as part of the Defence Annual Report. As the project level information is provided in Excel format, it is included in the online version of the report only.

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ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Public Disclosure - Project level and sustainment outcomes

Question reference number: 4

Senator: The Committee

Type of question: Written

Date set by the committee for the return of answer: 1 May 2017

Question:

Are there any ways to increase the public disclosure of project level and aggregate information on sustainment outcomes, noting the national security considerations of sustainment activity?

Answer:

Defence reports expenditure information on the top 30 sustainment products, which comprises about 77 per cent of the total sustainment expenditure.

Defence provides a considerable amount of public information on its projects through a wide range of reports and statements.

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ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Sustainment Activities - Disclosure of historic performance

Question reference number: 5

Senator: The Committee

Type of question: Written

Date set by the committee for the return of answer: 1 May 2017

Question:

Many sustainment activities or capacity problems have hopefully been resolved by the time annual reports are published, does this mean that disclosure of historic performance could be increased without posing national security concerns?

Answer:

Defence manages sustainment and capacity issues on an ongoing basis. The level of capability performance is directly related to operational needs, equipment support requirements and readiness. In each year these issues fluctuate and decisions are made regarding the levels of availability required based on these factors. Sometimes support issues, in particular major refits of equipment can take a number of years to complete. Historical information on performance is one of a number of metrics that may be useful in determining the overall performance of a platform. Defence publishes information on an annual basis to ensure performance can be scrutinised in light of the factors pertaining to that year. The current reporting arrangements allow appropriate scrutiny while protecting classified information on readiness and availability.

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ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Publication of Sustainment Expenditure

Question reference number: 6

Senator: The Committee

Type of question: Written

Date set by the committee for the return of answer: 1 May 2017

Question:

Given the size of sustainment expenditure, please comment on the reasons for and against pulling sustainment information into one separately published document to enhance its transparency.

Answer:

Please see the response provided to Question 4 of this Committee hearing.

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Defence Sustainment Expenditure – 31 March 2017

ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Comparative analysis of sustainment reporting in other jurisdictions

Question reference number: 7

Senator: The Committee

Type of question: Written

Date set by the committee for the return of answer: 1 May 2017

Question:

Has Defence done any comparative analysis of sustainment reporting in other jurisdictions?

a. Can Defence examine the sustainment reporting made in the United Kingdom in the Ministry of Defence Defence Equipment Plan, and in Canada via the Department of National Defence Departmental Performance Report, and provide feedback on the relative merits of those performance reporting regimes to the Committee and their applicability to Australia?

Answer:

No. Defence has examined these reports, which provide details on key sustainment activities in support of capability. The UK and Canadian reports reflect requirements in those countries and are specific to their Defence organisations. Defence reporting in Australia reflects achievement against the Defence Corporate Plan, aimed at Defence's fulfilment of the ten stated purposes intended to deliver the three outcomes for Government.