

## EXECUTIVE MINUTE

on

### JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

REPORT No. 456

### Defence Major Equipment Procurement and Evaluation, and Great Barrier Reef Regulation - Review of Auditor-General Reports Nos 51- 52 (2014-15) and Nos 1-10 (2015-16)

#### General comments

The Department of Defence agrees with Recommendation 5 of JCPAA Report 456. The following is provided as a report back to the Committee at 12 months from tabling, and details the improvements to the coordination of Test and Evaluation across the Department of Defence since May 2016.

#### Response to the recommendation(s)

##### Recommendation No. 5 paragraph 4.50

*To promote continued improvement in Test and Evaluation (T&E) of major equipment acquisitions by the Department of Defence, the Committee recommends that the department report back to the Committee at 12 months from the tabling of the Committee's report on:*

- *How T&E is being coordinated across the Department, and how this coordination is consistent with the recommended outcomes of the First Principles Review: Creating One Defence (2015);*
- *Key improvement to T&E performance monitoring and reporting; and*
- *Each element of the Australian National Audit Office recommendation on T&E competency and training, including the key findings of and actions from the competency and training needs analysis.*

#### **Test and Evaluation coordination, and improvements to monitoring and reporting**

Defence Test and Evaluation (T&E) governance and conduct is coordinated across the Department in a manner consistent with the First Principles Review:

- Whole-of-Defence T&E policy has been issued from the Strategic Centre; the Defence T&E Manual was issued by the Vice Chief of the Defence Force (VCDF), in his role as the Joint Force Authority (JFA), and the Associate Secretary, as Chief Operating Officer, on 17 October 2016.
- In accordance with the new Capability Life Cycle (CLC) and the Defence T&E Manual, Capability Managers are responsible for planning, conduct and

reporting of T&E in support of capability development, introduction into service and across the entire CLC.

- The CLC mandates T&E outcomes across the CLC; the CLC manual, issued under authority of the VCDF, links to the Defence T&E Manual to provide policy direction and guidance.
- The Directorate of Test and Evaluation Plans, Policy and Governance has been established within the VCDF Group to: maintain Defence T&E policy; provide governance of Defence T&E; and provide the JFA advice on the status of T&E planning for all projects and programmes presenting to the Defence Investment Committee. This Directorate reports to a one-star ADF officer, Director General Capability Integration, Test and Evaluation, who is responsible to VCDF for whole-of-Defence T&E policy, governance and stewardship.
- Defence has initiated a whole-of-Defence T&E governance reporting model. A series of Key Performance Indicators (KPIs) have been designed to provide Defence with an enterprise view of the performance, effectiveness and efficiency of T&E in supporting the CLC. The data for these KPIs is gathered by the Capability Managers, and collated into a Defence Enterprise T&E Report tabled at the Defence Investment Committee. KPI data is currently being collated for the first report, to be presented to the Investment Committee in November 2017.

### **Response to ANAO recommendations relating to T&E competency training**

The ANAO Report No. 09 2015-16 *Test and Evaluation of Major Defence Equipment* made three recommendations, with two recommendations relating to T&E.

**Recommendation 1** of ANAO Report No. 09 stated:

*To strengthen the enterprise-level management of the T&E workforce, the ANAO recommends that Defence:*

- (a) identifies the training and competencies of the existing Defence T&E workforce;*
- (b) conducts a T&E personnel competency and training need analysis for the whole entity; and*
- (c) monitors the availability of sufficient, appropriately trained T&E personnel in specific competency areas and takes steps to address any gaps identified.*

In response, Defence commissioned a Performance Needs Analysis (PNA) through an industry registered training organisation.

- The PNA reported that the current training baselines for competency (subject to some minor changes to the units of competency) were adequate when used in conjunction with core skills areas including, but not limited to, project management, communications, and technical regulatory frameworks.
- The results of the PNA are being used by Defence to develop specific T&E Roles, and a T&E Training Continuum with three specific qualification points:

Participant, Practitioner and Program Manager. In future all Defence staff undertaking T&E will be mapped to these roles.

Capability Managers report T&E workforce competencies, availability and sufficiency through specific KPIs in the annual Defence Enterprise T&E Report to the Investment Committee. Any gaps identified will be reported and remediated as part of the Defence Portfolio view of the Investment Committee.

**Recommendation 3** of ANAO Report No. 09 stated:

*In the context of its implementation of reforms arising from the First Principles Review, the ANAO recommends that Defence introduce arrangements to provide the Vice Chief of the Defence Force and Capability Managers with enterprise-level advice on the coordination, monitoring and evaluation of the adequacy and results of Defence T&E activities.*

Since the publishing of ANAO 2015-16 Report No. 09, a revised Defence T&E policy has been reflected in the Defence T&E Manual, which was endorsed by VCDF on 4 Sep 2016. This policy introduces an annual Defence T&E report to provide the VCDF and Capability Managers, through the Investment Committee, with enterprise-level advice on the coordination, monitoring and evaluation of the adequacy and results of Defence T&E activities.

Defence has also implemented a series of Key Performance Indicators (KPIs) designed to provide Defence with an enterprise view of the performance, effectiveness and efficiency of T&E in supporting the CLC. The data for these KPIs is gathered by the Capability Managers and collated into a Defence Enterprise T&E Report tabled at the Defence Investment Committee. KPI data is currently being collated for the first report, to be presented to the Investment Committee in November 2017.

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5 May 2017

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8 May 2017