



Australian Government

JOINT STANDING COMMITTEE on
FOREIGN AFFAIRS, DEFENCE and TRADE

Inquiry into the Review of the
Defence Annual Report 2011-2012

Government Response

October 2014

Recommendation 1

5. Reviews of Defence Culture

The Committee recommends that the 'Defence Abuse Reparation Scheme Guidelines' and the Defence Abuse Response Taskforce terms of reference should be reviewed to clarify:

- (a) whether cases involving a complainant not employed by Defence fall within the scope of the relevant processes; and
- (b) what abuses are defined as in and out of scope, including whether abuses which constitute offenses under relevant Commonwealth legislation are included.

Government Response - 1 (a) Agreed in principle

The Defence Abuse Response Taskforce (Taskforce) is an independent body which is administratively housed in the Attorney-General's portfolio. Accordingly, Defence has passed the recommendations to the Taskforce for consideration. The Taskforce has considered the committee's recommendations and has not requested any changes to the terms of reference or Reparation Scheme guidelines. The Taskforce has provided the following response:

The Taskforce has reviewed the *Defence Abuse Reparation Scheme Guidelines* and the *Defence Abuse Response Taskforce Terms of Reference*. Following the review, the Taskforce would like to refer to the previous response provided to the Senate Foreign Affairs, Defence and Trade References Committee, to Question 4 of the Questions on Notice from the public hearing of 14 March 2013.

'The scope of the Scheme has been set by the Government. The Taskforce must accordingly comply with them and does not have any authority to substantively "amend" them. The Defence Abuse Reparation Scheme (the Scheme) is not open to all members of the public, nor is it open to all current or former Defence employees. As such, it is clearly stipulated in the *Defence Abuse Reparation Scheme Guidelines* in 3.1.4, sub-paragraph (c) 'A person is eligible if they were at the time of the alleged abuse employed in Defence'.

The definition of "employed in Defence" includes:

- (a) an employee of the Department of Defence, whether the person is or was so employed under a law of the Commonwealth or under a contract of service or apprenticeship, or
- (b) a serving member of the Australian Defence Force including a member of the Australian Defence Force Reserves, or
- (c) a cadet (who for example is presently known as an Australian Navy Cadet (ANC), Australian Army Cadet (AAC) or an Australian Air Force Cadet (AAFC).

Government Response - 1 (b) Agreed in principle

The Defence Abuse Response Taskforce (Taskforce) is an independent body which is administratively housed in the Attorney-General's portfolio. Accordingly, Defence has passed the recommendations to the Taskforce for consideration. The Taskforce has provided the following response:

The Taskforce has reviewed the *Defence Abuse Reparation Scheme Guidelines* and the *Defence Abuse Response Taskforce Terms of Reference*. Following the review, the Taskforce would like to highlight that the types of abuse are defined within the *Defence Abuse Reparation Scheme Guidelines* in 1.5.4 subsections (a) to (d) 'the types of alleged abuse that fall within the scope of the Reparation Scheme are allegations of abuse':

- (a) Sexual abuse,
- (b) Physical abuse,
- (c) Sexual harassment, and
- (d) Workplace harassment and bullying.

The abuse raised by complainants does not need to specifically fit into one of the above categories, as these categories have been set as a guide for the taskforce to exercise discretion when assessing each case.

Recommendation 2

6. Strategic Reform Program

The Committee recommends that the Defence Annual Report include detailed information on how savings are being achieved under each stream of the Strategic Reform Program.

Government Response – Not Agreed

The Strategic Reform Program has ended as an independent program. The remaining viable reform streams have been integrated with other major departmental reform activities and the reporting on these initiatives is now included in enterprise business processes. Defence is no longer tracking initiatives commenced under the Strategic Reform Program as stand alone streams and is now measuring the broader benefits of reform. Therefore, it is not possible to report savings achievements by stream. Defence will continue to pursue organisational reform and provide information on initiatives as appropriate in future annual reports.

Recommendation 3

7. Other Issues

The Committee recommends that the Department of Defence enhance its public reporting by:

- (a) Developing a more precise method for reporting performance on capabilities acquisition and sustainment, which would detail:

- Specific performance targets;
 - how performance is assessed in relation to these targets; and
 - the specific reasons why targets are, or are not, achieved;
- (b) Including some detail on emerging areas of concern and potential future issues;
- (c) Enhancing its reporting on the Defence budget and its implications for capabilities acquisition and sustainment;
- (d) Undergoing a periodic review conducted by independent experts, similar to the United States' Quadrennial Defense Review; and
- (e) Including information on operational readiness.

Government Response - 3 (a) Agreed in principle

Defence has already taken steps to include some additional reporting on sustainment and acquisition performance for inclusion in the Annual Report from 2013-14. Defence will ensure that any projects identified in the Portfolio Budget Statements are reported in the following Annual Report, and will seek opportunities to improve the current analysis regarding performance targets and achievements. From an acquisition perspective, of note is that the Australian National Audit Office tables the annual review of selected Defence equipment acquisition projects in the Major Projects Report as at 30 June each year (with the last report, tabled on 19 December 2012, reporting on the performance of 29 projects as at 30 June 2012). The Major Projects Report improves the transparency of, and accountability for, the status of the Defence Materiel Organisation Major Projects for the benefit of the Parliament, the Government and other stakeholders.

To provide increased visibility into sustainment performance, and in response to a Question on Notice from the Joint Committee of Public Accounts and Audit, Defence intends to expand its current reporting in the Portfolio Budgets Statements (PBS) and Annual Report from the Top 20 to the Top 30 Sustainment Products. The number at 30 is consistent with the number of projects examined in the Major Projects Report and the Top 30 Major Capital Projects currently disclosed in the PBS and Annual Report. One of the advantages of increasing the number of sustainment products to 30 in the Annual Report is that Defence will provide enhanced visibility of approximately 77 per cent of the current \$4.2 billion expenditure on sustainment activities.

Government Response - 3 (b) Agreed in principle

Defence agrees in principle with this recommendation. Future iterations of the Defence Annual Report will contain detail on personnel challenges, potentially including workforce shortages, critical categories and prospective trends.

Government Response - 3 (c) Not agreed

Defence is committed to enhancing the transparency of its budget. The First Principles Review of Defence will look at the area of accountability and provide recommendations on simplification and improvement. This will include looking at the way in which Defence's budget information is prepared and the number of systems that contain elements of Defence's financial information. In addition Defence will continue to comply with the Parliament's Requirements for Annual Reports.

Government Response - 3 (d) Agreed

The Government has agreed to the appointment of an expert independent advisory team to undertake a first-principles review of the Department of Defence's structure and major processes.

Government Response - 3 (e) Agreed in principle

Defence will provide an overview on preparedness for incorporation in the Defence Annual Report 2013-14. Please note that while the United States term "operational readiness" is used in the Committee's report, Defence uses the term "preparedness" to refer to the same function.

Recommendation 4

7. Other Issues

The Committee recommends that the Defence Parliamentary Engagement Program include placements with the Department of Defence policy areas and the Defence Materiel Organisation.

Government Response - Agreed in principle

The Department will assess the viability of an expanded program and identify resource implications. The implementation of this recommendation will have significant ramifications for the current Australian Defence Force Parliamentary Program (ADFPP), and will require major change to current ADFPP arrangements, including altering its purpose, objectives and title.