



Australian Government

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Australian Government response to the
Joint Standing Committee on Foreign Affairs,
Defence and Trade report:

Review of the Defence Annual Report 2013–14

November 2016

Recommendation 1

The Committee recommends that the Jobs Families Project be further developed to incorporate accurate assessments of both qualifications and experience that are required for a given role. The Committee further recommends that, in its implementation of the First Principles Review, the Department of Defence develop its strategic planning and appointment process to ensure employees have task-specific competence for their role, and that opportunities are actively created for personnel to obtain this relevant experience.

Government response

Agree.

The Defence Australian Public Service Job Families Project was completed with the establishment of 20 job families and over 2,100 occupation profiles. The evolution of job families is now part of business as usual. Development of the Defence Strategic Workforce Plan is progressing, which will include consideration of the Australian Public Service workforce. The Defence Strategic Workforce Plan will inform job family workforce plans that will drive workforce management including recruitment, learning and development, performance and talent management.

In preparation for the job family workforce plans, occupation profiles are being reviewed and amended to reflect changing Defence business and to identify key capabilities, key technical and core knowledge and skills, and other requirements such as qualifications and licenses.

Skills censuses of Australian Public Service staff are to be conducted during 2016 as part of the Defence census, which will enable assessment of individuals' capabilities against those of the occupation that they are engaged in. This information will provide significant input to workforce plans and subsequent initiatives including learning and development.

The Defence census and workforce planning will be part of a regular business planning cycle enabling Defence to monitor progress and adjust plans to address areas of workforce risk. This work is being undertaken, reported and regularly reviewed as an element of the Workforce Work Stream of the First Principles Review.

Recommendation 2

The Committee recommends that the Department of Defence collate and periodically publish figures on the effect of Project Suakin, including statistics on:

- the breakdown of personnel in each service category;
- Australian Defence Force critical categories;
- re-engagement by service and sector including assessment of industry skills captured; and
- quantification of the benefits of personnel retention.

Government response

In close consultation with the Services, Project Suakin (Suakin) has established a comprehensive evaluation framework based on a broad range of quantitative and qualitative data. The framework has been designed to measure the effectiveness of the Total Workforce Model in generating and sustaining Defence capability, and specifically determining the extent to which the benefits identified in the original case for change and subsequent design activity have been realised. This data would be reported externally via the Defence Annual Report.

With respect to the various components of Recommendation 2:

- 1st dot point: **Agree.**
- 2nd dot point: **Agree in principle.**
- 3rd dot point: **Agree in principle.**
- 4th dot point: **Agree in principle.**

Recommendation dot point	Response
1. The breakdown of personnel in each service category	<ul style="list-style-type: none"> • This metric will be measured through data obtained in the Human Resources Data Warehouse (through PMKeyS/Defence One). • Data will be refreshed on a monthly basis in the Human Resources Metric System. • The first batch of data will be available approximately two months after the Total Workforce Model is enabled in Defence’s Human Resources system (PMKeyS).
2. Australian Defence Force critical categories	<ul style="list-style-type: none"> • The measurement of Australian Defence Force critical categories is an existing metric in the Human Resources Metric System, and Suakin does not propose changing the way in which critical categories are measured. • Suakin is proposing an additional method of analysing the data by enabling a cross-reference to the relevant Service Category that these members are in. • The publication of statistical data regarding Australian Defence Force critical categories will be done in a way which prevents disclosure of points of fragility in Australian Defence Force capabilities.
3. Re-engagement by service and sector including assessment of industry skills captured	<ul style="list-style-type: none"> • It is not practical to collect and validate quantitative data to support the recommendation as it is worded, however, Defence will collate and publish information about transfers between service categories and the application of service option D (an arrangement whereby a member’s skills and experience are shared between Defence and an industry partner).
4. Quantification of the benefits of personnel retention	<ul style="list-style-type: none"> • The Total Workforce Model evaluation approach is designed to assess whether the outcomes intended by the implementation of the Total Workforce Model have been realised and have, as a consequence, contributed to the generation and sustainment of Defence capability. With the strategic goal of enabling Defence capability in mind, the framework is structured around the optimisation of the personnel and organisation fundamental inputs to capability. • A number of quantitative and qualitative measures have been developed that inform the achievement of effects a Total Workforce Model will generate. • One of these effects is “sustainment of capability by attracting and retaining the right people”. There are many Defence and single Service initiatives currently underway that influence a number of these metrics and that the Total Workforce Model will not be the sole contributor to the outcomes realised.

Recommendation 3

The Committee recommends that the Department of Defence develop more innovative ways to recruit, especially in the science, technology and engineering fields. The Committee further recommends that the Department, together with the Service Chiefs, utilise the following initiatives to better attract people with science, engineering and technical skills:

- engagement with secondary schools at the Year 10 level such as visits, placements and work experience;
- the Australian Defence Force Gap Year; and
- Defence University Sponsorship.

Government response

Agree.

Defence agrees that further attention to attracting personnel in science, technology, engineering and mathematics fields is required and intends to build on existing programs. Defence notes the recommendations of the Committee and advises the work to date in this area is as follows:

- Engagement with secondary schools at the Year 10 level. Defence Force Recruiting's workforce includes a large cohort of serving Australian Defence Force members who operate in Careers Promotions Teams, conducting a range of local recruiting events, which enable Defence Force Recruiting to engage with prospective recruits with specific science, technology, engineering and mathematics skills. These events include school visits, career expos, information sessions and targeted experiences to attract suitable candidates. They also include familiarisation tours to Defence establishments to view training, undertake military presentations and engage with key staff and cadets.
- The number of events conducted in financial year 2014–15 was 4,107, with 2,610 conducted thus far in 2015–16, across Australia. Recruiting events are conducted at high schools, TAFEs and universities to targeted audiences (16-24 year old men and women) studying science, technology, engineering and mathematics subjects.
- Career advisers from universities, high schools and private practices are given the opportunity to enhance their knowledge of the career pathways available in the Australian Defence Force through science, technology and engineering programs.
- Three Specialist Recruiting Teams—one each for health, engineering and technical trades, with the last one focused on universities and TAFEs and the first two specifically focused on promotion of the Defence University Sponsorships to undergraduates.
- Defence also recognised the attraction science, technology, engineering and mathematics has within the culturally and linguistically diverse communities and has incorporated this engagement as a critical element of the recruiting culturally and linguistically diverse strategy.
- Examples of current events and discussions include support of the Society of Automotive Engineers' 'Formula' student design competition, discussions with the Engineering Faculty at Sydney University to formalise engagement with student societies in 2016, presentation to high school students at Royal Australian Air Force Base Richmond supported by Honeywell Engineering, and a Defence University Sponsorship campaign conducted at Garden Island.

- Defence Force Recruiting notes that Australian Defence Force Gap Year was re-introduced in 2015 and will continue as a key component of the Australian Defence Force engaging young Australians.
- Defence implements a range of strategies to attract young women studying culturally and linguistically diverse to the Australian Public Service through high school awareness programs, graduate entry level programs and university sponsorships. Such strategies include:
 - collaboration with the Australian Business and Community Network through its Influence-Her program for high performing Year 10 female students studying culturally and linguistically diverse to improve awareness of technical careers for women in the Defence Australian Public Service;
 - implementation of a dedicated science and technology recruitment and development stream in 2016 for Defence Australian Public Service graduates, to attract and train high performing university students for careers in research and innovation in Defence Science and Technology and for technical roles in the Defence Intelligence Agencies; and
 - sponsored university study through the Undergraduate Scholarship Program for Female Students in science, technology, engineering and mathematics at the Australian National University, the University of New South Wales and the University of Adelaide; and the Defence Civilian Undergraduate Sponsorship for engineering students to study for free through the University of New South Wales, Canberra, currently comprising 13 students, seven of whom are female.

Recommendation 4

The Committee recommends that, whilst maintaining physical standards, the Department of Defence ensure the standards are fit for purpose and exercise flexibility on a case-by-case basis.

Government response

Agree in principle.

Defence continues to explore ways to enhance and increase the participation of diverse groups in the Australian Defence Force while recognising the unique nature of Australian Defence Force requirements, sometimes under strict parameters.

The aim of the physical employment standards is to identify appropriate physical tests for entry and continued employment in employment categories in order to select personnel best suited for the demands of that employment group. As a second order effect this may reduce injuries, with a consequent increase in personnel availability for operations and training and reduction in costs of health care and compensation.

The physical employment standards for combat roles recently opened to women were reviewed to ensure they are scientifically based, occupationally relevant and do not discriminate based on age or gender. The physical employment standards will be reviewed annually to ensure the assessments still meet the requirements of each employment category. These standards apply a fit for purpose methodology, therefore Defence agrees with the recommendation that the physical standards are fit for purpose.

Defence will apply flexibility with the physical employment standards on a case-by-case basis for specific medical circumstances only. All personnel will be required to pass the physical employment standards in order to be fully qualified in their specific employment group.

Recommendation 5

The Committee recommends that the Departments of Defence and Veterans' Affairs report the progress and results of their mental health programs, including the Longitudinal Australian Defence Force Study Evaluating Resilience.

Government response

Agree.

There are a range of mental health programs which are conducted jointly and separately by Defence and the Department of Veterans' Affairs (DVA). The Departments will report on the progress and results of these mental health programs through the following reporting mechanisms.

Defence programs. Defence provides a comprehensive range of mental health programs that are available across the career lifespan of a member from enlistment through to operational deployment through to transition from the military. These include programs which are designed to: increase mental health awareness; provide skill-based training to Defence personnel on the management of mental health in Defence; provide clinical up-skilling to Defence health professionals on the assessment and treatment of mental health conditions; and the delivery of mental health and psychology services to Australian Defence Force members. The progress of these initiatives are reported against the Australian Defence Force Mental Health and Wellbeing Action Plan and in the Joint Health Command Annual Review.

In addition to the above, progress against mental health research projects are reported to the relevant approving ethical review bodies and results are disseminated through specifically designed communication strategies. For example, a comprehensive communication strategy will be developed for the final Longitudinal Australian Defence Force Study Evaluating Resilience report and actioned upon receipt and acceptance of the report by the Commonwealth.

Joint programs. Since 2013, Defence and DVA have operated under a Memorandum of Understanding (MoU) for the Cooperative Delivery of Care and Support to Eligible persons. Collaborative projects are managed under the MoU, with Defence and DVA maintaining a strong joint approach to mental health programs and research including the Transition and Wellbeing Research Programme, Defence referrals of Australian Defence Force personnel to the Veterans and Veterans Families Counselling Service (VVCS) for counselling, and the development of a range of e-mental health smart phone applications. The progress and results of these programs are reported to the Defence / Department of Veterans' Affairs Executive Committee as well as other relevant groups such as the Department of Veterans' Affairs Research Board or the Joint Health Command and VVCS Agreement for Services Steering Committee. Progress and results of joint programs are also reported against the Australian Defence Force Mental Health and Wellbeing Action Plan and in the Joint Health Command Annual Review where relevant.

The Government also notes that Defence and DVA already provide annual reports to Parliament and are accountable to Parliament, including through the Budget estimates process, for supplying any reasonable request for information.

DVA programs. DVA purchases and provides a range of mental health services for its clients: online mental health information and support through the At Ease mental health portal at www.at-ease.dva.gov.au, GP services, psychologist and social work services, psychiatric services, pharmaceuticals, posttraumatic stress disorder programs, and hospital services for those who need it. VVCS also provides counselling and group programs to veterans, peacekeepers and eligible family members. VVCS is a specialised, free and confidential Australia-wide service and may be

contacted 24 hours a day by calling 1800 011 046. DVA can pay for certain mental health treatment whatever the cause (whether or not the condition is related to service), and the conditions covered are PTSD, anxiety, depression, alcohol use disorder and substance-use disorder. From July 2016, eligibility for these non-liability mental health arrangements is available to anyone who has had permanent service in the ADF, no matter what the service or how long.

The Government has committed to an annual Ministerial statement to Parliament on key issues impacting upon the veteran community and the performance of the Department of Veterans' Affairs. This will be a transparent process which will measure the performance of the Department and increase accountability to the veteran community. Tackling the mental health challenges for veterans and their families is a pillar of the Government's plan for veterans' affairs and will feature in this annual Ministerial statement.

The Government announced on 11 August 2016 that the National Mental Health Commission in conjunction with clinical experts and a reference group comprised of current and former members of Defence, will analyse the effectiveness of existing suicide and self-harm prevention services.

Recommendation 6

The Committee recommends that the Department of Defence develop methods to collect and collate data on the On Base Advisory Service to measure its effectiveness.

Government response

Agree in principle.

The On Base Advisory Service is administered by the Department of Veterans' Affairs with the support of Defence. On Base Advisory Service activity data is reported to the Defence Links Steering Committee, a joint Defence and Department of Veterans' Affairs committee. The Department of Veterans' Affairs is in the process of refining the On Base Advisory Service performance framework. This work will enable the Defence Links Steering Committee to more effectively monitor the performance and effectiveness of the On Base Advisory Service.

Recommendation 7

The Committee recommends the reporting to Parliament on the Joint Strike Fighter Program be more comprehensive and equivalent to that made available to the United States Congress.

Government response

Disagree.

As a partner in the United States led global F-35 Joint Strike Fighter Program, Australia gains insight into the Program through a range of mechanisms and forums. While we are a partner with a level of influence, the United States leads the F-35 Program and is directly responsible for the conduct of the global F-35 Program.

In the United States context, the delivery of the Joint Strike Fighter capability attracts a high level of scrutiny as the largest global Defence acquisition project to date. Reports by the Director Operational Test and Evaluation and United States Government Audit Office are produced by organisations independent of the United States F-35 Joint Program Office and are made publicly available. Defence analyses these US reports and includes specifics as it relates to the Australian JSF Program.

As part of the Major Projects Review, the Australian National Audit Office conducts an annual audit and report of the Australian Joint Strike Fighter Program. This report is equivalent to the reports produced by the United States organisations. In addition, Defence reports to Government annually on the status of the F-35 Program and regularly provides evidence to Senate Estimates and the Joint Standing Committee on Foreign Affairs, Defence and Trade. The Joint Strike Fighter Division of the Capability Acquisition and Sustainment Group is also required to provide annual advice to the Australian Government as an update on the Australian Joint Strike Fighter Program, including specific briefings on the more classified elements of the Program.

Defence believes the current level of reporting of all major programs, including the Australian Joint Strike Fighter Program, closely mirrors United States congressional reporting, with some exceptions like the Director Operational Test and Evaluation report which has no equivalent organisation or report in the Australian context.

Recommendation 8

The Committee recommends that, to aid transparency and accuracy, the Department of Defence record and periodically report the quantum of unfunded liabilities held by Defence, including:

- where the unfunded liability occurred;
- how the unfunded liabilities were created; and, where relevant
- factors and decisions that led to funding being reallocated.

The Committee does not expect this reporting to form part of Defence's annual financial statements.

Government response

Disagree.

Defence's actual and contingent liabilities, as defined by Australian Accounting Standards, are accounted for and disclosed in the annual financial statements. Underinvestment in Defence capabilities is considered in the preparation of the annual financial statements when identifying whether assets may be impaired in accordance with Australian Accounting Standards.

The *Framework for the Preparation and Presentation of Financial Statements* issued by the Australian Accounting Standards Board notes that an essential characteristic of a liability is that an entity has a present obligation. A decision by management to acquire assets in the future does not, of itself, give rise to a present obligation.

As part of the White Paper process Defence has rebalanced the funding assigned to Defence in the budget and over the forward estimates against the Government's future requirements. This rebalance has allocated funding to Defence capability, including major capital equipment, facilities and infrastructure, and information and communication technologies. This rebalance has been rigorously cost assured by external assessors. Any future variations to the funded commitments in the White Paper will be considered through the mechanisms developed in accordance with the recommendations of the First Principles Review. As such, any additional commitment will be managed transparently in an enterprise-wide approach across the Defence portfolio, with in-year commitments managed by the Enterprise Business Committee, and future commitments managed by the Investment Committee. Any changes in planned expenditure across Defence programmes which may result in unfunded capabilities will subsequently be detailed in the Portfolio Statements which are open to scrutiny through the Senate Estimate Committee process.

Recommendation 9

The Committee recommends that the Defence Annual Reports include appropriately detailed information on the Fuel Services Branch, in particular the progress of fuel farm remediation and remaining work to be done. The Committee further recommends that the Department of Defence actively explore options to engage and collaborate with industry on fuel management and security.

Government response

Agree in principle.

Future Defence Annual Reports will provide more detail on the reform of the Defence Fuel Supply Chain and initiatives to enhance its operational resilience.

The establishment of the Fuel Services Branch in early 2015 was a key recommendation of the Wraith Review (commissioned by the Secretary of Defence in late 2013) to support the appointment of Commander Joint Logistics as Head of Defence Fuel Supply Chain, creating a single point of accountability for the on-time and in-full delivery of fuel to meet the needs of capability managers. This replaced a fragmented and dysfunctional management structure that did not have clear roles or lines of responsibility.

Throughout 2015, Fuel Services Branch focused on remediating the issues identified by the Wraith Review as being of greatest concern, notably the asset integrity of Defence fuel installations, working relationships between facility operators and maintenance contractors, safe work practices, staff training, and capital estate management for existing and new fuel infrastructure. An extensive Hazard Risk Assessment program commenced in mid-2014 to identify key risks and issues across the primary Defence fuel installations, leading to these now being managed in a more coordinated and structured way with key stakeholders across Defence. The Hazard Risk Assessment program has also assisted in focussing specialist fuel engineering expertise on the asset integrity of the Defence Fuel Supply Chain, which will be further assisted by the design and development of a centralised Defence Fuel Supply Chain Engineering Management System during 2016. The Hazard Risk Assessment program will be completed by 30 June 2016.

Commander Joint Logistics promulgated the Defence Fuel Supply Chain Strategic Plan 2015–2022 internally on the Fuel Services Branch intranet site in November 2015. The Plan sets out the key strategic goals for Defence to develop end-to-end management within the Defence Fuel Supply Chain and also to optimise the safe, effective and efficient delivery of fuel to meet capability. A complementary Defence Fuel Supply Chain Operational Plan for 2015–16 has also been promulgated internally that will address all of the key recommendations of the Wraith Review.

Key to both the Defence Fuel Supply Chain strategic and operational plans is the roll out of the Defence Fuel Management System during 2016 and 2017. The Defence Fuel Management System will provide a comprehensive and integrated system for identifying and managing all Defence Fuel Supply Chain related risks. It describes what controls are to be implemented for Defence Fuel Supply Chain functions and minimum requirements related to those controls. System level requirements also describe key roles and responsibilities for each function (aligned to the Defence Fuel Supply Chain organisation) and related performance measurement and evaluation requirements.

The Defence Fuel Management System is designed so far as possible to operate seamlessly with whole-of-Defence, Joint Logistic Command and single Service safety and environmental management systems. It seeks to contextualise the requirements of those systems into one set of documents focussed exclusively on Defence Fuel Supply Chain related activities and operations. An important element within the Defence Fuel Management System is performance monitoring and governance, which is being designed to provide a multi-layered and robust performance monitoring and governance framework to ensure risk control performance is monitored at all levels.

Opportunities to enhance the operational resilience of the Defence fuel system are being examined through the Fuel Network Review. The Fuel Network Review was directed by the Secretary and the

Chief of Defence Force in July 2014 and seeks to identify opportunities for greater industry participation through reduced costs of ownership, reduced enterprise risk and rationalisation of certain military-specific fuels in favour of commercial grade products. The Fuel Network Review is focusing on bulk fuels only and is due to be completed by December 2016.

Recommendation 10

The Committee recommends that the Department of Defence, in partnership with Defence Housing Australia, prepare an effective consultation and communication framework with the community for use in ongoing and future redevelopments.

Government response

Agree.

Defence Housing Australia has a strong record of establishing and maintaining relationships with the communities in which Defence Housing Australia developments are constructed. In addition, Defence Housing Australia continues to review its practices to ensure they are tailored to meet the specific needs of each development.

Defence Housing Australia aims to make information about development projects publicly available wherever possible, in line with the requirements of the applicable local council or authority. Community engagement can occur in various forms, from listening to the community in the early stages of planning through to keeping local residents and community groups informed as the project advances. Community engagement is conducted in line with Defence Housing Australia process instructions for Development Marketing and Defence Housing Australia Development Marketing Community Engagement guidelines.

Defence Housing Australia has well practiced and successful procedures in place to engage with the community and stakeholders regarding its developments. These involve communication strategies such as letter drops, internet sites, newsletters and community meetings. Consultation with the community is broad and feedback is considered as part of the planning process for every development.

The ways in which Defence Housing Australia consults and communicates with the community for developments, as per Defence Housing Australia Development Marketing Community Engagement guidelines, are shown as follows:

Channel	Audiences	Detail
Defence Housing Australia / project specific / third party website	All	Provide up-to-date information and include an option to register for more information.
Newsletters / letters	Local community and relevant stakeholders	Inform the community on project milestones and invite them to upcoming events. Encourage residents to visit the Defence Housing Australia website and register for more information.
Print media	Local community, wider community	A mix of media releases, paid advertising and editorial.
Digital media including social media	All	A mix of radio ads (promoting events), video, social media etc. as required.

Information session / briefings	Local community, relevant stakeholders	Hold information sessions to keep communities up-to-date on major milestones. Attend community group meetings, as required.
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Channel	Audiences	Detail
Events	Local community, new homes buyers, Defence families, relevant stakeholders	Host a range of formal and informal events throughout the life of the project to help strengthen relationships and celebrate milestones.
Signage	Local community, wider community, new home buyers, prospective developers	Install site signage to raise awareness and create interest.
Community relations	Select stakeholders	Community activities with stakeholders to strengthen relationships and positively position Defence Housing Australia as part of the community, e.g. Memorandums of Understanding with local community groups.

