



Australian Government  
Department of Defence



# Defence Capability Development Manual

2006



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**Feedback** on the Defence Capability Development Manual is welcome. Users of the manual are invited to make comments, including proposals for amendment to the procedures contained in the manual. People interested in making comments are requested to direct their comments to the Director, Capability Operations and Plans at the address shown above.

**Questions** regarding the processes and business rules discussed in the Defence Capability Development Manual can be submitted via email to **[DCDM.Helpdesk@defence.gov.au](mailto:DCDM.Helpdesk@defence.gov.au)**



# Preface

In 2004 the Australian Government announced major changes to the way the Australian Defence Organisation (ADO) is organised and operates with regard to the development of major proposals for new Defence capabilities. These changes followed the publication of the *Defence Procurement Review 2003*, also known as the 'Kinnaird Review', and resulted in the Capability Development Group (CDG) releasing the inaugural *Defence Capability Development Manual (DCDM)* in February 2005.

Replacing the *Capability Systems Life Cycle Management Manual (2002)*, the DCDM provides authoritative guidance to CDG staff in carrying out the Group's core tasks of developing investment proposals (including options) for new Defence capabilities for consideration by Government and managing the Major Capital Equipment program.

A further benefit of the DCDM is its value to the very wide range of organisational stakeholders in the capability development process in the ADO and with whom CDG needs to engage fully if it is to carry out its role effectively. It has also been welcomed by Defence industry seeking to understand how new Defence capabilities are developed since the *Kinnaird Review*.

The processes of identifying defence capability needs, establishing priorities, examining options for meeting those needs, managing an ongoing investment program, and doing so within financial guidance and with high levels of accountability are of necessity complex, rigorous, time-consuming and resource-intensive.

The DCDM aims to articulate and, if need be, demystify these processes by providing a concise yet comprehensive coverage of the main steps and features of these processes, and of the considerations involved in assisting the development of the Government's investment program for new Defence capability.

This second edition of the DCDM reflects the continued evolution of capability development activities within the ADO and incorporates feedback from those who use the processes in the conduct of their daily business.



# Foreword

Welcome to the second edition of the Defence Capability Development Manual. The response to the inaugural DCDM exceeded my expectations, with 4800 copies distributed throughout Defence and Industry - the majority in response to specific requests. While the mission of the Capability Development Group has changed, *"To shape Defence's future joint war fighting capability"*, and the processes through which we deliver this mission are evolving, our core business remains largely the same - to provide Government with sound investment advice regarding future Defence capabilities. The DCDM 2006 is therefore issued to keep you abreast of the latest developments in how CDG conducts its core business and of the outcomes that are expected, both within Defence and by Government.

In his address to the Senior Leadership Recall Day in August 2005, Chief of the Defence Force, Air Chief Marshall Houston stated in reference to new equipment being delivered to the ADF that *"...it's just equipment until we do all the coordination of the fundamental inputs to capability"*. This is a theme I have impressed upon my staff within CDG and you will see a much greater emphasis on fundamental inputs to capability throughout this edition of the DCDM. We have also included a number of other issues that impact on the capability development process, including capability roadmaps, the use of simulation and the development of robust cost estimates.

During 2005, I conducted a survey to gauge the performance of CDG in the eyes of our staff, our stakeholders and our customer (which is the Minister). A key outcome is the need for CDG to develop "winning submissions" when presenting capability proposals to the Minister and Government. Not only is it essential that our proposals provide clear, concise and well justified options, but CDG staff must also have a thorough understanding of the issues implicit in each option and be able to discuss them in detail, not only with internal Defence stakeholders and the CDG Executive, but also with central Government agencies and the Minister if required.

The DCDM remains the authoritative guidance for the development of capability proposals by staff of the Defence Organisation, particularly CDG, and while this edition includes the latest developments in the capability development process, I can assure you that the process will continue to evolve so that CDG can deliver the outcomes of its mission as efficiently and effectively as possible. I encourage Defence staff to use this manual in conjunction with the CDG Process Map (available from the CDG intranet site) to keep abreast of the latest developments and to also utilise the DCDM Helpdesk (**[DCDM.Helpdesk@defence.gov.au](mailto:DCDM.Helpdesk@defence.gov.au)**) if you have any questions or require further guidance on the processes described in this manual.



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