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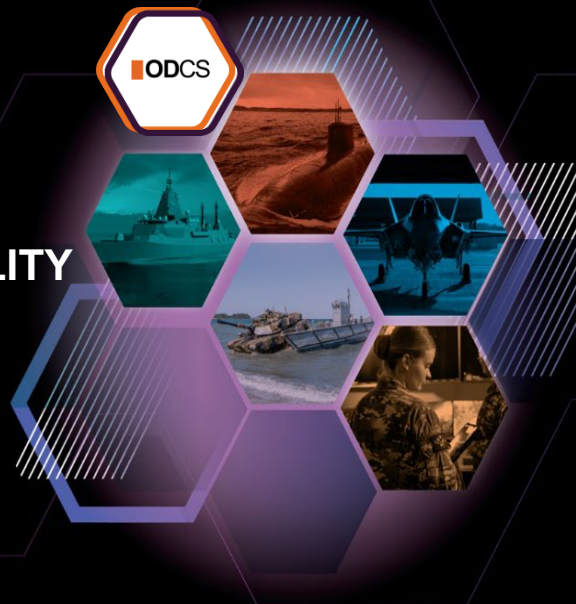
Australian Government

Defence



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Defence

THE ONE DEFENCE CAPABILITY SYSTEM (ODCS) MANUAL VERSION 2.0



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A blue ink signature of Robert Chipman.

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CANBERRA ACT 2600

17 March 2025

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Sponsor:

Vice Chief of the Defence Force

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Force Design Division
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¹ <https://www.legislation.gov.au/Series/C1968A00063>

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⁴ <http://intranet.defence.gov.au/home/documents/home/publications/policy-documents/defence-security-principles-framework.htm>

AMENDMENTS

Proposals for amendment of the One Defence Capability System Manual (the ODCS Manual) may be submitted to:

Directorate Capability Continuous Improvement
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Amendment number	Amendment	Effective date
1.0	Original Edition	22 December 2020
	Correction of typographical errors, Update definitions.	21 January 2021
1.1	Update to Capability Program Architecture, Inclusion of MDP list. Additional links to resources. Update terminology and definitions.	3 December 2021
1.2	Updates to reflect new T&E Manual.	04 April 2022
1.3	Updates to include definitions for Minimum Viable Product and Minimum Viable Capability. Corrected post nominal and updated Defence logo added.	14 June 2023
2.0	Updates to include addressing Defence Strategic Review recommendations, National Defence Strategy, Budget Process Operational Rules and One Defence Capability System reform.	17 March 2025

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Chapter 1

ONE DEFENCE CAPABILITY SYSTEM

FORWARD

1.1 Changes in Australia's strategic environment demand a fundamentally new approach to the defence of Australia and its interests. This new approach assesses the most consequential security risks Australia faces and develops a comprehensive whole-of-Government [National Defence Strategy \(NDS\)](#) to address them.

1.2 The NDS acknowledges that Australia's security and prosperity are inextricably linked. Australia's future depends in part upon protecting our economic connection to the world, upholding the global rules-based order, maintaining a favourable regional strategic balance and contributing to the collective security of the Indo-Pacific.

1.3 The NDS sets out the Government's strategic framework to guide significant and urgent changes required to transform Defence's capability, force posture, force structure, acquisition, recruitment and international engagement. The [Defence Capability Policy](#) provides the overarching principles to achieve this.

1.4 The One Defence Capability System (ODCS) Manual (the ODCS Manual) supports the Defence Capability Policy. Together, the documents provide an integrated view of the policy and processes Defence follows to identify, prioritise, acquire, sustain and dispose of capability while delivering on Government's strategic intent.

1.5 These processes will adjust and improve over time ensuring Defence continues to provide Government with a focused, integrated force matched to the threats and strategic circumstances outlined in the NDS.

1.6 The Defence Capability Policy and the ODCS Manual reside on the [ODCS Business Management System \(BMS\)](#), which is the repository for detailed ODCS guidance and process maps.

1.7 The ODCS Manual provides a practitioners' guide to the ODCS. Each chapter can be read independently to enable project teams to focus on where their project is in the process and determine how to manoeuvre to the next stage of the ODCS.

CONTEXT

1.8 In 2017, Defence implemented the Capability Life Cycle as a capability management process designed to answer the findings of the 2015 First Principles Review.

1.9 The Capability Life Cycle was a project-focused capability management process. In 2020, Defence moved to a programmatic approach with the release of the ODCS. The intent of a programmatic approach is to optimise capability outcomes within allocated resources by grouping related projects and products together to manage activities in a coordinated way.

1.10 In 2022, the Government commissioned the Defence Strategic Review (DSR) to examine the way Defence plans, acquires, delivers, sustains and disposes of its capabilities.

1.11 The DSR observed that Australia faced its most challenging strategic environment since the Second World War. It also reaffirmed that Australia no longer enjoys the benefit of a 10-year window of strategic warning time for conflict.

1.12 The DSR recommended a biennial strategic update through a NDS, done in combination with the biennial review of Defence's Integrated Investment Program (IIP).

1.13 The 2024 NDS acknowledges that Australia's future depends in large part upon protecting our economic connection to the world, upholding the global rules-based order, maintaining a favourable regional strategic balance and contributing to the collective security of the Indo-Pacific.

1.14 To achieve this, Defence must reform the way it acquires and manages capabilities, including considering opportunities for innovation and/or asymmetric advantage, collaborating with industry to develop Australia's sovereign defence industrial base, and leveraging emerging and disruptive technologies.

1.15 Defence capability acquisition and management must reform to accelerate capability delivery. The ODCS changes have a strong emphasis on achievability and value-for-money. At the same time, the reforms aim to strengthen Government confidence in Defence's ability to deliver through budget and governance reform to streamline decision-making, reduce bureaucracy and take a "no surprises" approach to escalating and actively managing risks and issues.

ODCS DESIGN

1.16 The ODCS is the inter-connected system of functions and processes that govern Defence capability to optimise capability outcomes within resource limitations. The latest design replaces the four-phase, linear approach to capability management with three distinct cycles that operate together to continually deliver capability, matched to strategy and cognisant of the threat.

1.17 The first and second cycles operate on a two-year timeline, aligned to the NDS publication and addressing capability prioritisation as defined by Government's

strategic direction. The third cycle incorporates up to seven years of sustainment funding to maintain delivered capability. Projects and programs will progress through the third cycle at varied timeframes, due to many factors, such as life of type, design maturity and project commencement and duration.

1.18 The ODCS is a whole-of-life approach to capability management, ensuring Defence determines, pursues and maintains capabilities through robust and efficient processes.

1.19 The latest design of the ODCS encourages Defence to build a stronger relationship with defence industry earlier in the capability's life cycle. This is a critical enabling factor for capability delivery. Further information on how Defence is engaging with industry is available in the [Defence Industry Development Strategy](#) (DIDS). The DIDS articulates the seven [Sovereign Defence Industrial Priorities](#) that will deliver and sustain capabilities across Defence programs.

1.20 Fundamental to the ODCS is the use of the Minimum Viable Capability (MVC) concept and its role in driving speed-to-capability delivery to enable Defence to achieve capability outcomes at the lowest acceptable level of the directed effect in the required time. MVCs are determined and directed by VCDF in Integrated Capability Directives (ICDs). See Chapter 4 for more detail.

1.21 **Design Principles.** Managing, delivering and optimising Defence capability is complex. To ensure the ODCS performs smoothly, the following broad principles apply:

- a. **Centre led.** Centralised planning begins with Defence and other key agencies engaging in a dialogue with Government on strategic priorities and threats. The Deputy Secretary Strategy, Policy and Industry (DEPSEC SP&I) is Defence's lead in these discussions and is responsible for the delivery of the NDS. The Vice Chief of the Defence Force (VCDF) translates Government's strategic priorities into a coherent force design able to meet Australia's needs now and in the future. The force design is tested in the Force Design and Assurance Cycle (FDAC) against other capability opportunities to ensure the force structure addresses capability priorities. Throughout this process, indicative costs and schedule will also assist in informing what capabilities are affordable within the IIP.
- b. **Contestability, governance and assurance.** Capability proposals undergo robust analysis across a number of areas to ensure the evidence supporting submissions is of high quality, comprehensive and aligned with Government direction, enabling well-informed Defence capability investment decisions by Government.
- c. **Directed execution.** VCDF will direct Defence Groups and Services through Integrated Capability Directives (ICDs). An ICD is the key document for driving capability delivery through domains, programs and projects within Defence and reporting performance to Government. In this way, the centre led planning process directs execution, accelerating capability outcomes, including specific requirements for preparedness and interoperability.

- d. **Specific processes for capability requiring Government approval.**
Government must approve spending that has significant capability, cost, risk and/or potential industry implications. This includes capability related projects (equipment, facilities and Information and Communications Technology (ICT)), and major support contracts or other commitments. The ODCS contains centre-directed defined pathways for seeking Government approval. The Investment Portfolio Management Branch (IPMB) conducts Complexity Assessments that inform the Government approval pathway for projects or programs.
- e. **Specific processes linked to operational preparedness.** Defence Preparedness is the 'measurable capacity of Defence to generate sustainable military power to achieve Government-directed objectives over time'. The application of Fundamental Inputs to Capability (FIC) delivers the components of preparedness - readiness and sustainability. Strategic assessments and intelligence, and Government priorities as articulated in the NDS, form the basis for determining Defence's operational focus, which drives Defence's preparedness posture.

The One Defence Capability System (ODCS)

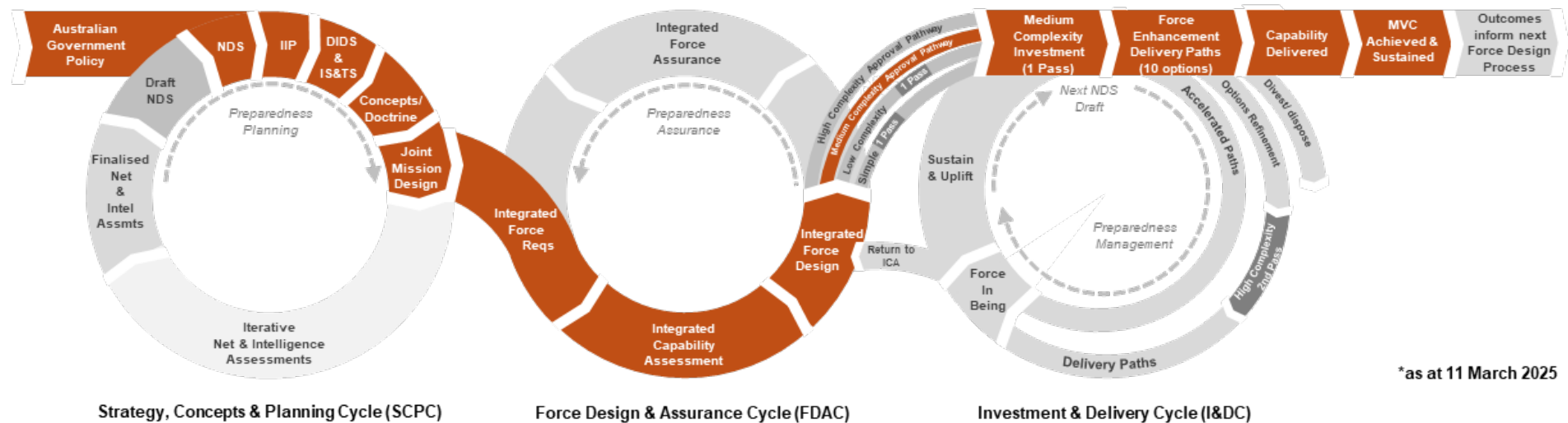


Figure 1.1: The ODCS Cycles highlighting the medium complexity critical pathway

ONE DEFENCE CAPABILITY SYSTEM CYCLES

1.22 There are three cycles of activity in the ODCS (Figure 1.1). The first and second cycles are intended to operate concurrently across a two-year cadence, aligning to the release of the NDS. The third cycle, Investment and Delivery Cycle (I&DC), incorporates up to seven years of sustainment funding to maintain delivered capability.

1.23 Defence regularly aligns and reports the outcomes of the three cycles through the IIP Bi-Annual Updates. At any point in time, individual capabilities will be at various stages of maturity across the cycles.

1.24 The three ODCS cycles are the:

- a. **Strategy, Concepts and Planning Cycle (SCPC).** Connects Government's assessment of strategic risks and priorities, and articulates these in a two-yearly NDS, which informs Defence's joint concepts and mission designs. The NDS also informs the development and management of capabilities within the IIP.
- b. **Force Design and Assurance Cycle (FDAC).** Centre led review of Defence's capabilities against Government's strategic priorities as articulated in the NDS and balanced against the IIP. The FDAC comprises two primary activities:
 - (1) The **Integrated Capability Assessment (ICA)** process assesses Defence's capabilities, identifies gaps, as well as opportunities for innovation and/or asymmetric advantage, and determines capability priorities against affordability as measured by the IIP. Inputs include the Integrated Force design, force interoperability, and preparedness and mobilisation requirements. Government approves the revised IIP, which reflects outcomes of the ICA process. Following Government approval, VCDF issues ICDs, which direct Capability and Delivery Managers on the capability requirements (including defining the required MVC) and priorities for the objective and future integrated force.
 - (2) **Integrated Force Assurance (IFA)** activities continue throughout the development and delivery of capability to ensure projects and programs are meeting Government's strategic priorities as directed through ICDs.
- c. **Investment and Delivery Cycle (I&DC).** Capability Managers pursue projects and products to meet the integrated force design using pre-determined approval pathways and delivery paths as articulated through ICDs.

1.25 Capabilities are prioritised, delivered into service and sustained in line with Centre led prioritisation and required preparedness levels. Each of these cycles inform and are informed by preparedness settings and assurance mechanisms that

provide clarity to leadership and Government of Defence's performance against risks and threats.

1.26 Subsequent chapters detail each of the three cycles of the ODCS.

1.27 The ODCS reflects the concurrent and cyclic nature of Defence's capability activities in response to changes in Government's strategic priorities.

1.28 The ODCS has three management layers to deliver products, which are:

- a. **Portfolio.** A portfolio is a collection of programs, projects and/or operations managed as a group. It is the complete set of current, planned and proposed Defence resources, including personnel, equipment and estate that are raised, sustained and optimised to provide the means for Defence to conduct operations in accordance with Government direction. The portfolio approach maintains the integrity of the IIP by managing multiple programs of capability initiatives to achieve Government's strategic goals, while optimising the use of Defence resources. This approach also manages portfolio risks and the changes that arise over time.
- b. **Capability Program.** An organisational construct created to manage capability aligned with strategic and operational effects. Management of a group of related products, projects and activities in a coordinated way to optimise the capability outcome within allocated resources.
- c. **Capability Project.** A project is a finite, multidisciplinary and organised endeavour to realise agreed FIC deliverables within pre-defined requirements and constraints. The role of a project is to deliver a product or products. A project also helps realise discrete changes to the capability managed by a program.

1.29 **Products** are whole of life assets that contribute to creating a capability. For example, a facility, major platform, major information and communications technology application or fleet of equipment. Product management includes sustainment, through life upgrades and technology refreshes.

CAPABILITY GLOSSARY

1.30 Terminology used in the ODCS Manual is consistent with the [Australian Defence Glossary](#) (ADG) or official directives, where appropriate. Key concepts include:

1.31 **Capability.** This is the power to achieve a desired operational effect in a nominated environment within a specified time, and to sustain that effect for a designated period. Capability is generated through combining FIC. When managing capability, it is necessary to consider both an output perspective, where operational effects contribute to achieving strategic objectives, and an input perspective where various FIC need to be resourced and integrated.

1.32 **Initial Operational Capability (IOC):** The capability state relating to the in-service realisation of the first subset of a capability system that can be employed operationally.

1.33 **Final Operational Capability (FOC):** The capability state relating to the in-service realisation of the final subset of a capability system that can be employed operationally.

1.34 **Minimum Viable Capability (MVC):** A capability (inclusive of FIC) that can successfully achieve the lowest acceptable level of the directed effect in the required time and be able to be acquired, introduced into service and sustained effectively. VCDF defines the MVC required to deliver the Government-directed Capability Effect through ICDs. MVC is approved by Government. Any changes to MVC must be endorsed by Force Design Division and submitted to Defence Investment Committee prior to seeking Government approval.

1.35 **Capability Target States (CTS):** The 'point-in-time' objectives of a capability program. The purpose of CTS is to clearly define the performance of a program, in terms of the joint capability effects that are to be achieved. CTS are not static, and are continually reassessed to ensure relevance to MVC and a program's overall contribution to the integrated, focused force. Defence uses a spiral upgrade approach to CTS when multiple long-term improvements are needed to take a project from IOC to MVC and FOC.

1.36 **Capability Effect** (*not in ADG*): A statement that, at the highest level, articulates the holistic outcome, impact or result to be achieved through the use of a capability in order to fulfil Government-directed requirements. A Capability Effect may be broader than an MVC, because it describes the overall objective, rather than the minimum acceptable level of effect.

1.37 **Asymmetric capability** (*not in ADG*): Military capabilities that pit strength against weakness, at times in a non-traditional or unconventional manner, and disrupt a potential adversary's decision calculus. Countering, eliminating or enduring asymmetric advantage imposes disproportionate costs and, in some cases, there may be no effective response.

1.38 **Value for Money (VfM):** The principle applied to determine the most acceptable offer for awarding contracts for goods and/or services, based on an assessment of both price and other qualifying factors. VfM is also a legal obligation articulated in *The [Public Governance, Performance and Accountability Act 2013](#)* (sect 15), requiring the proper use of public resources, which it defines as 'efficient, effective, economical and ethical'. *The [Commonwealth Procurement Rules](#)* (CPRs) identify achieving VfM as the core rule.

1.39 **Integration:** The bringing together of force elements and enablers and ensuring that they function effectively and efficiently as a whole to conduct identified Government missions. Three types of integration are addressed in the ODCS Manual:

- a. Integrated processes that work across the organisation and avoid traditional stovepipes to ensure a more holistic view of the issues. The ODCS is a fully integrated end-to-end process;
- b. Interoperability is the integration of different force capabilities that work to support each other. In Defence, interoperability is defined as the ability of systems, units or forces to act together to provide services to or from, or exchange information with partner systems, units and forces. There are three levels of interoperability: integrated, compatible and de-conflicted. Determining and achieving the right level of interoperability across the force is an important capability issue; and
- c. FIC integration is when FIC elements coordinate and combine to generate and sustain capability.

ENGAGEMENT WITH GOVERNMENT

1.40 Defence is accountable to the Australian Government and primarily engages Government through the National Security Committee of Cabinet (NSC) and the National Security Investment Subcommittee (NSIS). Refer to Chapter [2](#) for further information.

Chapter 2

CAPABILITY GOVERNANCE

OVERVIEW

2.1 The Government is the final decision-maker on Defence capability. This is reflected in Government's approval of the Integrated Investment Program (IIP), acquisition proposals and other capability related submissions.

2.2 Capability submissions must be considered by Government through the IIP as agreed by the National Security Committee of Cabinet (NSC).

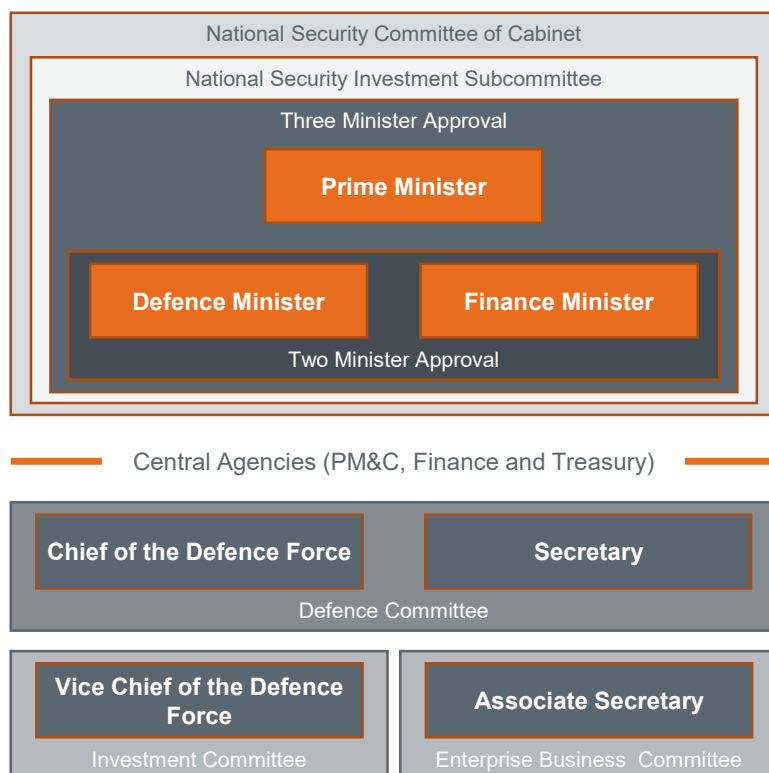


Figure 2.1: Relationship between Government and Defence

GOVERNMENT COMMITTEES

2.3 The Minister for Defence reports Defence's activities to the NSC, which is chaired by the Prime Minister. Committee members include the Deputy Prime Minister, the Minister for Defence, the Treasurer, the Minister for Finance, and other Ministers who oversee national security issues.

- a. The **National Security Committee of Cabinet (NSC) of Government** is the approval authority for high-complexity capability submissions. The NSC also has oversight of all capability submissions, receiving reports on upcoming and approved capability submissions through the IIP Bi-Annual Update.

2.4 The [National Security Investment Subcommittee](#) (NSIS), chaired by the Minister for Finance, supports the NSC. The primary role of NSIS is to consider capability-related submissions.

- a. The **National Security Investment Sub-committee (NSIS) of Government** is the default approval authority for capability submissions. NSIS also determines the approval authority for capability submissions, supported by a recommendation from the Defence Investment Committee (IC) and reported through the IIP Bi-Annual Update.

2.5 NSC / NSIS is supported by the Secretaries Committee on National Security (SCNS), the peak officials-level committee chaired by the Secretary of the Department of the Prime Minister and Cabinet. The Secretary of the Department of Defence and the Chief of the Defence Force (CDF) attend SCNS, which considers major national security matters being put before the NSC, and coordinates implementation of policies and programs relevant to national security.

2.6 The Executive Government depends on the Parliament for approval of its budgets and legislation. In most cases, the [Public Works Committee Act 1969](#) requires the Standing Parliamentary Committee on Public Works (PWC) to conduct an inquiry into facilities costing over \$75 million and Parliamentary approval before work can commence on facilities or estate projects.

BUDGET PROCESS OPERATIONAL RULES

2.7 The Government also sets financial guidance for Defence through the whole of Government budget process. The Budget Process Operational Rules (BPORs - endorsed by Cabinet) and Estimates Memoranda issued by DoF provide guidance on the Government approval processes. This includes requirements for approval pathways, cost estimate quality and other submission requirements.

ODCS GOVERNANCE FRAMEWORK

2.8 Defence committees, formal documentation and stringent reporting requirements ensure a robust One Defence Capability System (ODCS) governance framework. The framework supports Defence's broader enterprise governance obligations, including Work Health and Safety regulations, and risk and security requirements.

2.9 The ODCS governance framework provides the mechanisms for top-down direction within the Defence capability environment. Governance is the "strategies, policies, decision-making structures and accountabilities through which the organisation's arrangements operate."⁵

⁵ ISO 37000:2021 Governance of Organisations – Guidance

2.10 The framework provides a common understanding of how Defence includes inputs and makes decisions regarding capability development. In turn, this common understanding frames the business practices by which the Joint Force Authority (JFA), and Capability and Delivery Managers ensure accountability and transparency.

2.11 The ODCS governance framework is shown in Figure 2.2. The ODCS governance framework aims to:

- a. Enable a clear, objective and independent review of Defence capability activities and outcomes;
- b. Ensure capability development outcomes remain aligned with the strategic direction and resource commitments of Government;
- c. Review capability development activities, and where required, secure funding from Government;
- d. Establish clear, well-understood delivery agreements as to how Capability Managers (CMs) will oversee key activities, and conversely, the degree of autonomy that Delivery Manager (DMs) and Groups have to deliver capability;
- e. Facilitate the engagement of key stakeholders by establishing clear expectations and formal agreements for interactions;
- f. Create an environment for communicating and addressing risks and uncertainties, as well as opportunities and issues that arise during the course of capability development;
- g. Provide support as needed for CMs and DMs to oversee, coordinate and manage acquisition, sustainment and operation of delivered products and Fundamental Inputs to Capability (FIC); and
- h. Embed risk management and risk assurance through all phases of the ODCS. Execute audits, reviews and health checks of capability development progress in delivering expected outcomes against strategic direction in the Integrated Capability Directives (ICDs).

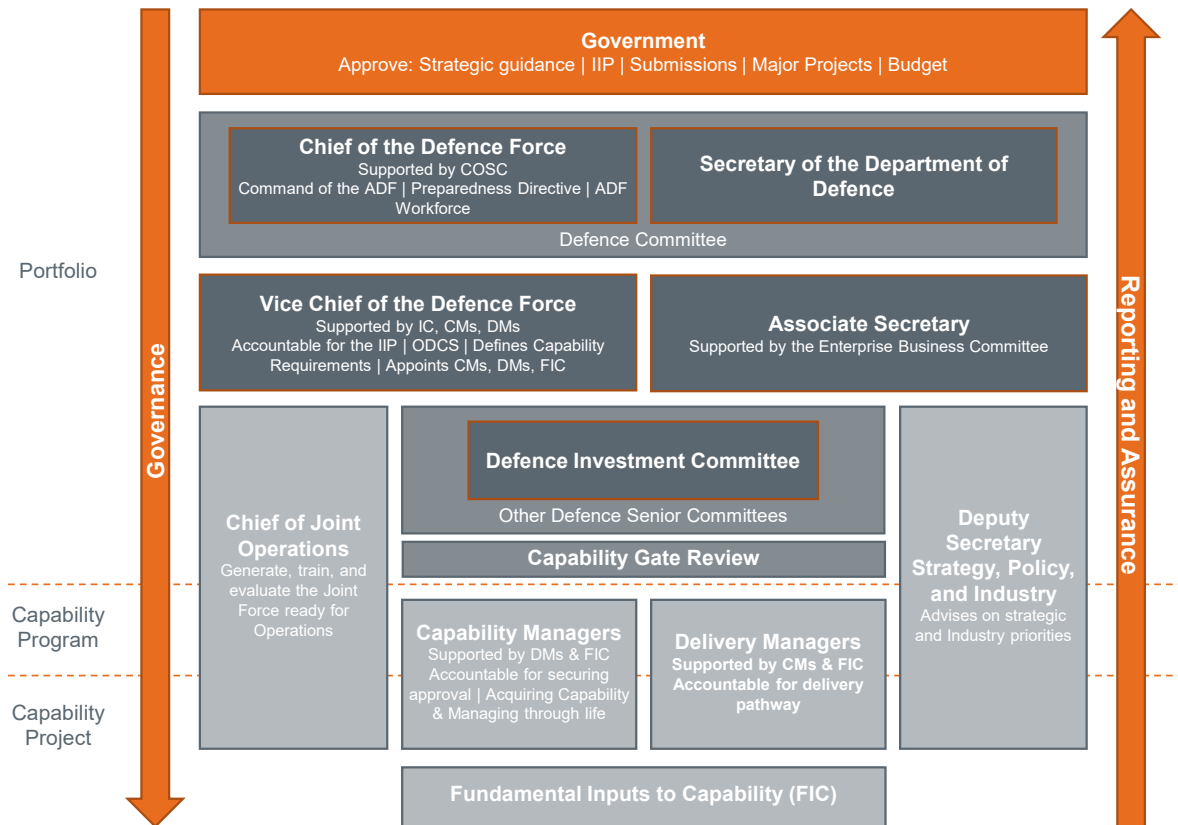


Figure 2.2: The ODCS Governance Framework

GOVERNANCE PRINCIPLES

2.12 The ODCS Governance Principles provide meaning to, and help shape the use of, the governance framework across the Defence capability enterprise.

- a. **Authoritative & Accountable.** The ODCS governance framework is underpinned by appropriate accountabilities and authorities to ensure all activities and outcomes adhere to applicable direction, standards and requirements. In practice, this involves being answerable for decisions and ensuring that all decisions are supported by clear roles, responsibilities and procedures.
- b. **Centre led.** Areas within the Vice Chief of the Defence Force Group (VCDFG) design and direct Defence's capability environment, with support from the Services and Groups. This centre led approach takes guidance and direction from Government through the National Defence Strategy (NDS), with Defence seeking approval for capability options through forums such as the Capability Gate Review (CGR) and the IC. These forums ensure consistency and interoperability between capabilities for an integrated, focused force.

- c. **Risk Reduction.** Defence's governance framework integrates effective risk reduction strategies to proactively manage risks. Strategies include setting a clear risk appetite, establishing risk escalation and business continuity plans, and leveraging technology and data to enhance risk visibility and decision-making.
- d. **Transparent & Inclusive.** To provide Government with assurance and trust in Defence's processes for developing capability options, there must be greater transparency and inclusiveness – even if programs or projects are classified. The ODCS governance framework ensures decision-making forums, committees and steering groups include representation from key stakeholders.
- e. **Consistent & Accurate.** The ODCS governance framework enables Defence to maintain consistency across the development, delivery, sustainment and disposal of capabilities. By cross-referencing policies, procedures and assurance mechanisms and involving internal and external stakeholders in capability forums, the ODCS ensures Defence maintains a consistent and accurate approach to delivering Government's strategic priorities.
- f. **Efficient.** A rule of governance is that it should be as efficient as possible. The ODCS enables consideration of relevancy and appropriateness of capability needs while considering stakeholder requirements. The governance framework ensures a flexible approach, balanced against budgetary constraints, that enables prompt and efficient decision-making and issues resolution. Senior Defence Leadership may delegate authority to Program/Project Steering Groups and other forums, as appropriate.
- g. **Sustainable.** ODCS governance decisions must consider the NDS objectives and priorities to ensure sustainable capability outcomes. ODCS forums must include these governance principles in their Terms of Reference to ensure Defence capabilities are achievable and sustainable.

PORTFOLIO MANAGEMENT

2.13 The Vice Chief of the Defence Force (VCDF) supports the development of the future force. VCDF balances and prioritises the needs of military preparedness, capability outcomes and Government direction against the assigned budget and resources, including industry capacity.

2.14 The Defence Portfolio consists of two distinct management areas. These are:

- a. The IIP and the broader Investment Portfolio, both managed by the IC; and
- b. The Enterprise Business Plan and Business Operations including in-year sustainment allocations, both managed by the Enterprise Business Committee (EBC).

PORTFOLIO ACCOUNTABILITY

2.15 As the JFA, the VCDF is responsible for the design, integration and assurance of the future force. The JFA ensures that capability requirements are developed in accordance with strategic guidance, functional and domain concepts, Joint Mission Designs (JMD), force design priorities and doctrine. Where necessary, the JFA may appoint a Program Sponsor to be responsible for the management of joint capabilities.

2.16 The VCDF is assisted in the JFA role by the following functions:

- a. A biennial Force Design and Assurance Cycle (FDAC) that reviews the current, planned and future force structure against applicable strategic guidance to evolve integrated capability concepts and identify capability needs, underpinned by a good governance framework.
- b. A programmatic approach to the design and assurance functions of the warfighting environment, its architecture and integration, interoperability and compatibility requirements, particularly where they relate to Command and Control, Communications and Computers, and Intelligence, Surveillance and Reconnaissance (C4ISR).
- c. A test and evaluation function providing Defence with central policy, planning and governance.
- d. Advice from Contestability Division to ensure Defence's force design outputs, capability needs and requirements align with strategy and resources.
- e. Advice from the Chief Defence Scientist on the potential for asymmetric advantage provided by proposed capability options.
- f. Advice from Defence Finance Group (DFG) as a key enabler in Defence, working in partnership with Groups and Services to deliver high quality budget and financial management outcomes through the provision of policies, processes, services and systems.
- g. Advice from Defence People Group (DPG) on human resource outcomes across the Defence employment cycle, from strategy and policy development, through to implementation and service delivery.
- h. Advice from Military Workforce Design Division (MWDD) on designing and controlling the Australian Defence Force (ADF) organisational structure in order to contribute to integrated capabilities for the ADF.
- i. Advice from the Joint Warfare Committee (JWC) on more complex or high-risk programs.
- j. Direction from Defence Committee (DC) on the most complex, politically sensitive, novel and/or high-risk proposals, especially where they might represent a significant divergence from established policy, and

- k. Advice from the Special Access Program Oversight Committee (SAPOC) that assists in the oversight, management and governance of Special Access Programs (SAP) from an Enterprise-wide perspective.

ROLES AND ACCOUNTABILITIES

2.17 The [Defence Capability Policy](#) outlines the roles and accountabilities within the ODCS. The critical roles are:

2.18 **The Vice Chief of the Defence Force (VCDF)** is the deputy to the CDF and assists in the command and administration of the ADF, subject to CDF's direction. VCDF is assigned as the joint command of the VCDFG and the JFA for the ADF. VCDF is accountable for designing the integrated force in order to defend Australia and its national interests. Other areas VCDF is accountable for include: Chair of the IC; Chair of the JWC; Chair of the SAPOC and co-chair of the Investment, Science and Technology Committee, and Advanced Strategic Capability Accelerator (ASCA) Oversight Committee (OC). As chair of these committees, VCDF is authorised to progress future capability requirements, develop Defence preparedness requirements, prioritise innovation opportunities and assure joint force interoperability. VCDF is also responsible for the Defence IIP.

2.19 **Capability Managers (CMs)** are senior Defence officers (typically 3-star or SES Band 3) accountable for the development, delivery, introduction into service, sustainment, preparedness, and disposal of capabilities, in accordance directed requirements, legal and policy obligations. CMs' responsibilities include ensuring the sustainability of their capabilities while assigned to the Chief of Joint Operations for the conduct of operations and joint exercises. CMs are appointed by the Secretary of the Department of Defence, and/or the Chief of the Defence Force (CDF).

2.20 **Delivery Managers (DMs)** are appointed within the delivery or enabler group to conduct program management functions in support of acquisition and sustainment activities.

2.21 **Heads of Capability** are two-star / SES Band 2 officers, with responsibilities delegated to them by the Service Chiefs or Chief Joint Capabilities (CJC). Heads of Capability oversee the work of the program, project and product sponsors, and ensure the coordination of capability work efforts within their Service or Group. Heads of Security and Estate Group, Defence Digital Group, Guided Weapons and Explosive Ordnance, and Australian Submarine Agency are Capability Leads.

2.22 **Head Force Design (HFD)** is accountable to VCDF for the assessment, design, development, and preparedness of the future force. In collaboration with the CMs, HFD articulates capability needs and requirements for the integrated, focused force, including future capability and preparedness requirements due to life of type, capability management or obsolescence issues. HFD provides advice on capability and preparedness priorities and dependency risks and is responsible for management of the IIP.

2.23 **Head Force Integration (HFI)** is accountable to VCDF and provides assurance on C4ISR Design Authority, Joint Test and Evaluation and Interoperability of the Joint Force. As Chair of the Information Environment Control Board (IECB), HFI works with CMs to ensure current and future interoperability requirements are informed by force and program concepts and align with developing technology. HFI, together with CMs, also ensures capability submissions to Government consider interoperability requirements and sustainment through the life of the capability. HFI provides advice on capability priorities, dependency risks and duplication with the IIP. HFI develops the Interoperability Portfolio Direction on behalf of the JFA.

2.24 The **Head Military Workforce Design (HMWD)** sponsors an integrated framework for workforce design and planning that operates alongside, and in support of, HFD's orchestration of overall force design and HFI's assurance of integrated effects. HMWD also supports the VCDF in setting the design of the ADF organisational structure, assessing the allocation of military workforce to future capability, the conditions for workforce demand and workforce flow required.

2.25 **Deputy Secretary Defence People** is the Australian Public Service (APS) workforce authority responsible for aligning the APS workforce allocations to Government priorities. DEPSEC DP assesses the allocation of civilian and contractor workforce to future capability and provides integrated advice on Defence People System risks.

DEFENCE COMMITTEES

2.26 Committees play a vital role in ensuring decision-makers have access to considered and coordinated advice on key capability issues. Further details on committees and descriptions of the roles of the broader Defence committees are located on the [Senior Committees webpage](#).

2.27 Within the ODCS, CMs and DMs must ensure the appropriate form, function, membership, and behaviours of their capability governance bodies are commensurate with the scale, complexity, and nature of the project/program they oversee.

2.28 The governance bodies must be able to appropriately assess and assure the active management of risks, performance, fit-for-purpose and compliance with legal, contractual and policy obligations.

2.29 CMs and DMs are accountable for ensuring that considered, timely and evidence-based advice is provided to higher-order Defence and Government committees in order to support informed decision-making regarding risks, complexities, sensitivities, and/or capability investment prioritisation.

2.30 CMs must also consider which committee is most appropriate for the decision or assurance required, enabling decision-making to be delegated to the lowest appropriate level.

2.31 New committees and additional process layers should not be created unless approved by IC.

2.32 Defence capability programs and projects progress through the following committees to achieve Government funding approval:

- a. The **Capability Gate Review (CGR)** committee determines the readiness of capability proposals to progress to IC, and informs capability projects/programs of their IC date. All projects must progress through a CGR before presenting to the IC.
- b. **Investment Committee (IC)** is chaired by VCDF and exercises strategic control over Defence's investment portfolio. IC is responsible for bringing the future joint force and supporting enablers into being, in accordance with Government requirements and the Defence Preparedness Directive.

2.33 The following committees may support program and project teams throughout the development, delivery and sustainment of a capability:

- a. **Defence Committee (DC)** is the pre-eminent committee supporting the Secretary of Defence and the CDF to meet obligations under the Ministerial Directive.
- b. **Chiefs of Services Committee (COSC)** supports the CDF to carry out the accountabilities as Commander in Chief of the ADF.
- c. **Enterprise Business Committee (EBC)** is a subsidiary committee of the DC and is responsible for the effective running of the day-to-day operations of Defence. The EBC is chaired by the Associate Secretary (AssocSec).
- d. **Defence Strategic Policy Committee (DSPC)** was established in March 2015 as a senior-level forum to consider key Defence policy issues. The DSPC informs and guides decision-making processes within Defence and across Government on strategic policy issues and trends, and facilitates consideration of emerging issues with strategic implications.
- e. **Capability Program Governance Boards** are the accountable forums for capability programs within a Service or Group. The boards are chaired by the Head of Capability, with SES Band 2 / 2 Stars from key stakeholders invited to attend. The boards oversee capability program performance and sets strategic direction aligning to VCDF's requirements and stakeholder engagement. The boards review and provide direction on capability development activities undertaken by capability programs.
- f. **Program / Project Steering Groups (PSGs)** are the key management, coordination and oversight body for capability programs and projects. PSGs are chaired by the CM's SES Band 1 / 1 Star representative, who provides advice to the Heads of Capability and the CMs. PSGs ensure alignment with VCDF's strategic direction and determine program and project resource

allocation. PSGs are responsible for prioritising activities and managing key stakeholders. Meetings also provide a consultative forum to discuss and agree DMs' recommendations. As a minimum, PSGs convene quarterly to enable the efficient management of capability development activities and outcomes.

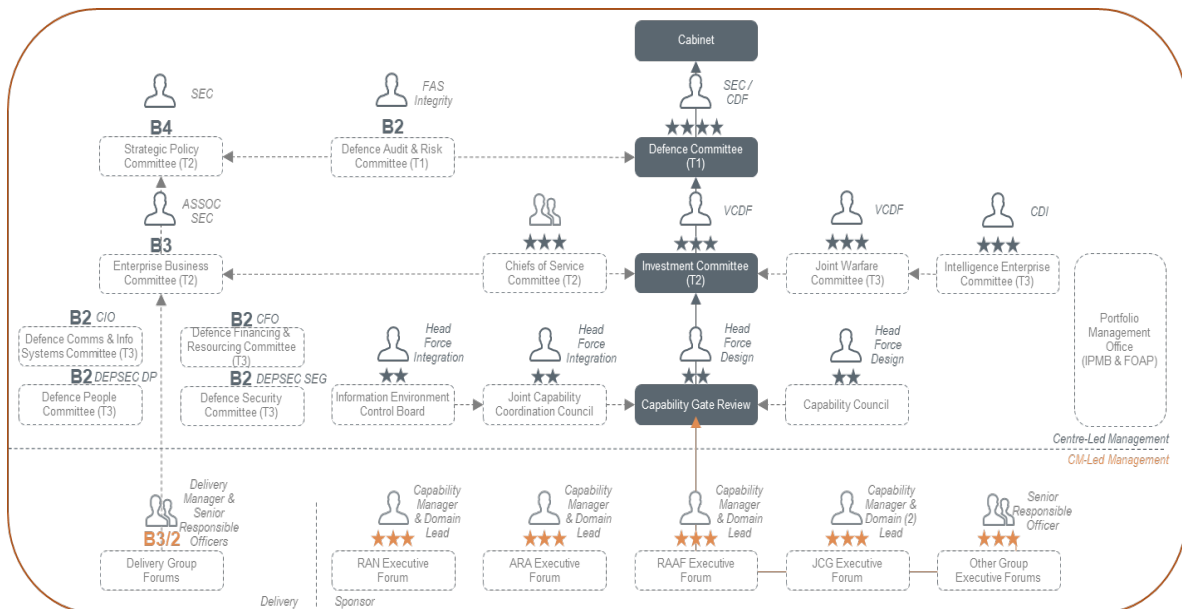


Figure 2.3: Governance Committees

2.34 There are also several senior enterprise committees that may input into capability decisions, including:

- Joint Warfare Committee (JWC)** is responsible for providing advice, to the VCDF (as the JFA and Chair of the IC) on matters relating to the generation and management of ADF capabilities. The JWC has a broad remit to consider warfare, force design, integration and interoperability issues for the joint current and future force. This includes joint concepts, experimentation, doctrine, lessons, collective training, capability realisation and preparedness. The JWC is also the forum for CMs and enabler functions to report on the status of, and issues for, designated joint capabilities.
- Defence Finance and Resourcing Committee (DFRC)** is responsible for advising, through the Chair, the DC, EBC and IC on the alignment of Defence's internal budget and resource management with the achievement of Government-directed outcomes and internal strategic planning guidance.
- Defence People Committee (DPC)** meets monthly. The DPC supports the workforce stewardship accountabilities of the Secretary and the CDF, and is responsible for ensuring workforce planning and performance supports the business priorities and accountabilities of Defence. The DPC is co-chaired by the Deputy Secretary Defence People and the Chief of Personnel. The

HMWD is the Deputy Chair. Issues that may significantly impact the Defence enterprise must be escalated to the appropriate higher committee or the DC. The DPC is required to make decisions on issues that are not within the remit of another committee within Defence and outside the remit of an individual committee member's accountabilities.

- d. **Defence Communications and Information Systems Committee (DCISC)** is the principal decision-making forum managing the implementation of strategic Information and Communications Technology (ICT) direction and priorities. The DCISC considers issues that impact the ICT domain and provides guidance to Groups and Services to ensure alignment of departmental policy.
- e. **Defence Security Committee (DSC)** is responsible for supporting the Chief Security Officer and Chief Information Security Officer in achieving protective security objectives and monitoring performance across the Defence enterprise in accordance with the requirements of the *Protective Security Policy* Framework and the *Defence Security Principles Framework* (DSPF). The DSC is chaired by Deputy Secretary Security and Estate Group and reports on enterprise security risk and the effectiveness of Defence security policy to the EBC.

2.35 Other committees which may consider Defence capability decisions include:

- a. **Defence Intelligence Enterprise Committee (IEC)** is responsible for providing clear strategic direction on the activities, management and governance of the Defence Intelligence Enterprise. The Chief of Defence Intelligence (CDI) uses the IEC to deliver the outcomes identified in the Defence Intelligence Enterprise Review, ensuring effective coordination of intelligence efforts, production capability, workforce and training.
- b. **Joint Capability Coordination Council (JCCC)** provides cross-Defence stakeholder advice and clearance on force design and interoperability issues. The JCCC is a key governance forum in the ODCS that supports the VCDF as the JFA and is subordinate to the JWC.
- c. **Information Environment Control Board (IECB)** provides advice to HFI on C4ISR capability and the required level of interoperability of ADF and Defence capabilities in order to provide assurance that the ADF is able to operate effectively as a Joint Force in accordance with JFA direction. The primary focus of the IECB is Joint Force technical interoperability.
- d. **Innovation, Science and Technology Committee (ISTC)** informs and oversees Defence's investment in Innovation, Science and Technology (IS&T) and provides scientific and technical expertise regarding Defence's capability priorities.
- e. **Advanced Strategic Capabilities Accelerator (ASCA) Oversight Committee (OC)** – The ASCA OC provides assurance that ASCA's

programs align with Government priorities and oversees and resolves issues impacting operations and program delivery.

CONTROLS AND DOCUMENTATION

2.36 The policies, strategies and plans that inform the direction of capability requirements and development for Defence capability personnel and stakeholders. Key Defence artefacts include:

- a. [National Defence Strategy \(NDS\)](#) ensures Defence policy, strategy, capability and planning keeps pace with the rapidly evolving strategic environment, responding to Australia's national security priorities and providing clarity of process and approach to Defence industry.
- b. [Defence Industry Development Strategy \(DIDS\)](#) establishes the framework and principles for Australia's Defence industry policy. These policy settings reflect the changing strategic circumstances and deliver the initiatives required to develop Australia's sovereign defence industrial base required to meet our national security requirements.
- c. **Defence Preparedness Directive (DPD)** provides authoritative direction to Defence on the Preparedness requirements to defend Australia and its national interests, and to provide support to the Australian community and civilian authorities in accordance with Government requirements. The purpose of DPD is to align and harmonise strategic preparedness direction and resourcing across all elements of Defence.
- d. [Capstone Concept](#) is how the ADF applies military power, in the form of operational abilities, to achieve enduring theatre missions. The singular capstone concept for the ADF is [Concept APEX: Integrated Campaigning for Deterrence](#).
- e. [Functional and Domain Concepts](#). Functional concepts describe how to integrate warfighting capabilities across domains to bind the ADF as a single force. Domain concepts describe how each of the five domains support the integrated ADF warfighting capabilities.
- f. [Joint Mission Designs \(JMDs\)](#) support the definition and realisation of the Defence joint force. JMDs use mission engineering to provide traceability between strategic guidance, the military missions that must be undertaken and the capability systems that enable those missions.
- g. **Integrated Capability Directives (ICDs)** are the formal direction issued by the VCDF. ICDs describe the threat baseline, missions and needs of the force and link to Concept ASPIRE and Fundamental Inputs to Capabilities (FIC). ICDs also provide Capability and Delivery Managers with VCDF's direction on the required Minimum Viable Capability (MVC), approval pathways, delivery paths and proposed sustainment channels, as well as the

strategic workforce requirements. ICDs inform the development of the Smart Buyer Forward Work Plan.

- h. [Defence Sensitive Technologies Policy](#) provides guiding principles for Defence personnel when identifying and protecting our most sensitive technologies. The accompanying [framework](#) outlines the identification and protection process.
- i. [Environment and Heritage Management](#). As a custodian of the environment in which it operates, it is critical that Defence maintains the trust granted by the Australian community to deliver the ADF mission and ensure the environment that Defence manages can sustain these activities into the future. The Defence Environmental Policy 2016 is signed by the Secretary and the CDF and identifies the vision, context and strategic aims for environmental management throughout Defence. It prescribes an implementation framework that includes the Defence Environmental Strategy 2016-2036.
- j. [Defence Innovation, Science and Technology Strategy](#) outlines a 10-year vision for Defence's innovation, science and technology ecosystem to achieve greater clarity, coherence and coordination. The Strategy responds to short-term Defence capability needs while recognising the need for development of technologies and new capabilities that may be required in the longer term.
- k. The [Defence Data Strategy](#) continues Defence's journey to improve the treatment of data as a strategic asset. It unites a range of activities for Defence to realise decision advantage as one of six Capability Effects required by the NDS. Data is fundamental for optimising the design, development and deployment of the integrated, focused force as a key element of Australia's national power.

CAPABILITY APPROVAL DOCUMENTS

2.37 Standardisation of common processes and documentation drives efficiencies and simplification across the Defence capability environment. Standardisation also ensures program and project personnel and key stakeholders can readily integrate and understand Defence capability requirements through a common language and artefacts.

2.38 Defence capability program and project documentation must align with Central Agency requirements. The documents must be succinctly written to enable easy understand and reduce the impost on Government during the decision-making process.

2.39 Details within program/project documentation should focus only on the information necessary to communicate key messages and must be written in a clear and simple narrative for the intended audience (i.e. Government).

2.40 The main documents required for all program / project submissions (low, medium and high complexity) seeking Government approval include:

- a. **Cabinet / Ministerial Submissions (CABSUB/MINSUB);**
- b. **Sponsor's Paper** which provides an Executive Summary of the proposal;
- c. **Business Case** outlining the need for the capability;
- d. **Project Execution Strategies (PES)** is a high level, risk-based tailored strategy to support the IC decision-making process;
- e. **Integrated Program / Project Management Plan (IPMP)** is a comprehensive management plan articulating a detailed operating and functional delivery model, key appointments, formalised governance arrangements including roles and responsibilities, and formal agreements;
- f. **Master Schedule** detailing the proposed project timeline to delivery and identifying key milestones;
- g. **Cost Summary** with a full breakdown of proposed costing for acquiring and sustaining the capability;
- h. **Workforce Estimate** for new and accelerated projects or **Capability Workforce Realisation Plan** for all IIP projects. The Workforce Estimate and Capability Workforce Realisation Plan must include the breakdown of proposed Military, APS and Contractor resources required throughout the delivery of a capability;
- i. **Risk Management Plan (RMP)** stating the risks and mitigation strategies that may impact the capability. This may also be informed by additional risk data, such as asymmetric and technical, security, workforce and industry capability or capacity risk assessments.

2.41 Additional documents required for medium and high complexity program / project submissions seeking Government approval include:

- a. **Industry Plan** describing how Defence will engage with Sovereign industry in delivering the capability;
- b. **Test and Evaluation Master Plan (TEMP)** outlining the testing that the capability will undergo before introduction into service.

2.42 The full document suite required for programs and projects seeking Government approval is set out in Chapter [5](#).

PROJECT/PROGRAM MANAGEMENT DOCUMENTS

2.43 Project/Program management documents detail the daily management and delivery of programs, projects and products. There is overlap between the document sets for Government approval, particularly for projects of medium to high complexity.

2.44 Project/Program management documents needed for the delivery of a program, project or product must support the successful delivery and sustainment of Defence Capability. The documents will also support key Integrated Force Assurance (IFA) activities.

2.45 The primary Project/Program management documents are:

- a. **Integrated Program / Project Management Plan (IPMP):** is a “living” document, used during the Government approval process and updated throughout the program/project’s life; and
- b. **Product Delivery Agreement:** which provides the metric-focused baselines for performance reporting, in order to support the consolidation and aggregation of performance data at a program and portfolio level.

2.46 Other project/program management documents include, but are not limited to, an Assurance Management Plan, Master Schedule Management Plan, Measures of Performance and Effectiveness, Professional Development and Training Plan, Stakeholder and Industry Engagement Plans, Quality, Knowledge and Resource Management Plans.

2.47 Further information on documents to support project management can be found in the [Project Management Manual \(CASG Manual \(PM\) 002 – Project Management in Defence\)](#).

CAPABILITYONE

2.48 CapabilityOne (C1) is Defence’s official mandated centrally-held electronic document and records management system (eDRMS) for capability data.

2.49 C1 enables effective capability management by allowing users to capture and report evidence that is relevant to the Capability Effect and deliverable elements such as scope, risk, schedule and cost. Defence Leaders access C1 for high-level performance analysis of all Capability Domains.

2.50 CMs and DMs are accountable for ensuring that capability project data is up-to-date in C1.

2.51 C1 is reliant on current complete and accurate evidence-based information that demonstrates a robust working relationship between CM, DM and dependent projects. It is imperative for Projects to update C1 as change occurs, so that information accessed can support decision-making.

2.52 C1 specific functions include:

- a. Capability Portfolio, Program and Project Office (CP3O) which captures:
 - (1) Government reporting: Bi-Annual submissions, Integrated Capability Assessment (ICA)/IFA submissions;

- (2) Portfolio level: Programs, Projects, Domains, Committee Schedules and Reports;
- (3) Program level: Journals, Stakeholders, Risk and Issues; and
- (4) Project level: Journals, Stakeholders, Risk and Issues, Project Dependencies, Schedules, Documents, Tasks, Deliverables and Funding.

2.53 C1 is accessed through the Defence Secret Environment (DSE). A suite of User Guides and Fact Sheets to support the use of CP3O and other modules are available through C1 on the DSE. To access the suite, select the 'Support Guides' tile on the C1 webpage.

REPORTING

OVERVIEW

2.54 Performance monitoring and reporting on Defence's delivery of Government requirements takes place within the [Defence Enterprise Performance Framework](#). Monitoring and reporting provides assurance that Defence is delivering on Government requirements and using resources effectively and efficiently.

PERFORMANCE MONITORING AND REPORTING

- 2.55 Performance measurement includes:
- a. IFA activities give confidence in the Integrated Force's ability to meet the interoperability needs. See Chapter 4 for further detail on IFA activities;
 - b. The IECB supports CMs in responding to interoperability needs and assures the VCDF that Defence is meeting its interoperability needs;
 - c. Smart Buyer is an input to development of the ICA processes, which is confirmed at a future point in the program and project delivery through the Independent Assurance Reviews (IAR) activities;
 - d. Independent reviews, such as IAR, give decision-makers confidence that Defence is achieving approved outcomes. The reviews also identify opportunities for improvements or provide early warnings when programs, projects or products are at risk of moving outside set tolerances. Reviews occur on programs and projects as they approach key milestones, periodically on the sustainment of the delivered product or when a significant problem or risk arises. Ministers may also initiate reviews of particular issues where they have concerns;
 - e. Defence preparedness reporting provides COSC and the Strategic Command Group (SCG) with regular updates on the preparedness of force elements and their capacity to meet the DPD;

- f. Delivery Groups provide periodic performance reporting to CMs and, ultimately, the Minister for Defence on program, project and product performance across the life of a capability. CMs have access to monthly performance reports for projects through various supporting information management systems, such as C1; and
- g. Formal lessons learnt processes from previous activities, such as [CASG's Lessons Program](#), also form a basis for improvements in future similar activities and provides evidence based outcomes to influence change on policy and processes.

REPORTING TO GOVERNMENT

2.56 Government considers the Defence Portfolio Submissions bi-annually at each Federal Budget and Mid-Year Economic and Fiscal Outlook (MYEFO). These submissions include a Bi-Annual Update of the IIP, when Defence provides Government with a holistic view of Defence's capability investments – both pre-approval and approved.

2.57 The Bi-Annual comprises:

- a. Progress updates against implementation of the NDS;
- b. Updates on the Defence budget, including detailed commentary on performance of acquisition, sustainment, operating and workforce expenditure against planned outcomes;
- c. Reporting on the findings and analysis of the projects and product performance and key trends since the previous Bi-Annual, including where there are impacts on Defence's Preparedness requirements;
- d. Targeted performance analysis and reporting on recently approved projects, and projects with upcoming milestones, including progress to the next milestone (e.g. Initial Operational Capability (IOC), Capability Target States (CTS), MVC, Final Operational Capability (FOC));
- e. Detailed commentary on approved provision changes within the IIP;
- f. Where Defence has made amendments to unapproved provisions, and proposed changes to approved provisions;
- g. Reporting on projects that have been approved by Ministers, including through correspondence;
- h. Advice on newly-established projects and programs created by the IC through the ICDs;
- i. Advice on any minor scope changes to IIP projects that have been approved by the IC;
- j. Amendments to project approval pathways;

- k. Delivery milestone and other capability requirement changes; and
- l. Reporting on early access funding requests that were approved by IC or by Government.

2.58 In preparation for the Bi-Annual, CMs must ensure all project and program reporting is accurate and up-to-date on C1 and the relevant Delivery Group management system.

ASSURANCE

OVERVIEW

2.59 Decision-makers must have confidence in Defence's ability to deliver the Government-directed Capability Effects in the required timeframe, fit-for-purpose, while achieving VfM.

2.60 It is important to review and evaluate performance and to develop that are appropriate and effective for recovering prioritised activities from disruptions.

2.61 Continuous improvement and assurance is underpinned by the following objectives:

- a. Increased transparency and timeliness;
- b. Utilising existing products, data and capabilities to enable evidence based decisions;
- c. Developing a culture of timely reporting and elevation of risks and opportunities; and
- d. Reducing the duplication of effort and reporting.

2.62 The IFA process in the FDAC allows for increased assurance activities on critical or high-risk programs and/or projects and reduced activities on low risk projects.

2.63 Other assurance activities, such as Smart Buyer and IARs, are designed to capture qualitative and quantitative information about the effectiveness of business continuity arrangements.

RISK

OVERVIEW

2.64 In accordance with the [Defence Risk Management Policy](#), the ODCS identifies, assesses, mitigates and manages risk consistently across the cycles.

STRATEGIC RISK

2.65 Strategic risks are key national risks that Defence capability is designed to address as part of a whole-of-Government response. Strategic risks outlined in the NDS include, but are not limited to, key geo-political developments, military capability development by ideologically opposed nation states, disruption to national critical infrastructure and systems and nuclear proliferation.

2.66 The NDS addresses strategic risks, resulting in the delivery and management of an integrated and focused ADF. Strategic risks inform the ODCS, as outcomes must meet the NDS-agreed requirements. Addressing strategic risk through Defence capability is a key VCDF accountability. Force Integration, Force Design and Military Workforce Design processes within VCDFG manage strategic risks.

CAPABILITY RISKS

2.67 A capability risk addresses a specific proposed or realised capability meeting integrated design requirements and interoperability within the overall integrated, focused force.

2.68 Identifying capability risks ensures effective risk-based decision-making supports key activities, such as the ICA process. Critical analysis during the ICA process determines the gap between the theoretical capabilities for the integrated force and the budget, resources and industry capacity supporting what is practically achievable. Once this assessment occurs, appropriate decision-makers are able to approve or escalate capability risk.

2.69 HFD and HFI are responsible to the VCDF for addressing capability risks effectively or escalating to Government.

DELIVERY RISKS

2.70 CMs and DMs are responsible for identifying and managing delivery risks for successful program or project outcomes. The three overarching key risks for delivery are time, cost and quality.

2.71 Delivery costs and quality can impact VfM and impact the program or project's ability to meet its budget. Other impacts include delays in implementation, workforce constraints and skill shortages, technology changes, supply chain disruptions and legal and legislative constraints.

2.72 Additionally, programs and projects must consider geopotential risks to Defence's reputation caused by the realisation of delivery risks. If realised, reputational risks may damage or undermine stakeholder, industry and Ministers' trust in Defence's ability to deliver capability.

2.73 When assessing potential delivery risks, programs and projects must align with the [Defence Risk Management Framework](#).

OTHER KEY RISKS

2.74 Other risks that may affect the ODCS process include legal, security and workplace, health and safety (WHS) impacts.

2.75 Legal risks are reported through Defence Legal. Any member of Defence with decision-making responsibilities must consider potential Legal Risks using the [Defence Legal Risk Management Guidance](#) before a decision is made.

2.76 Security risks are identified through a Security Risk Assessment (SRA), followed by planning risk treatment options where needed. Monitoring and adjusting of the SRA and treatment options continue throughout the capability's life cycle. Further information can be found on the Security and Estate Group [Security Risk Management webpage](#).

2.77 All Defence WHS risks are reported through Sentinel. The *Defence Work Health and Safety Risk Management Process* (Figure 2.2) provides a systematic process for establishing the context, risk identification, analysing, evaluating, treating, monitoring, communicating, consulting and reviewing a risk.

The [WHS Risk Management webpage](#) provides more information on identifying and reporting WHS risks.

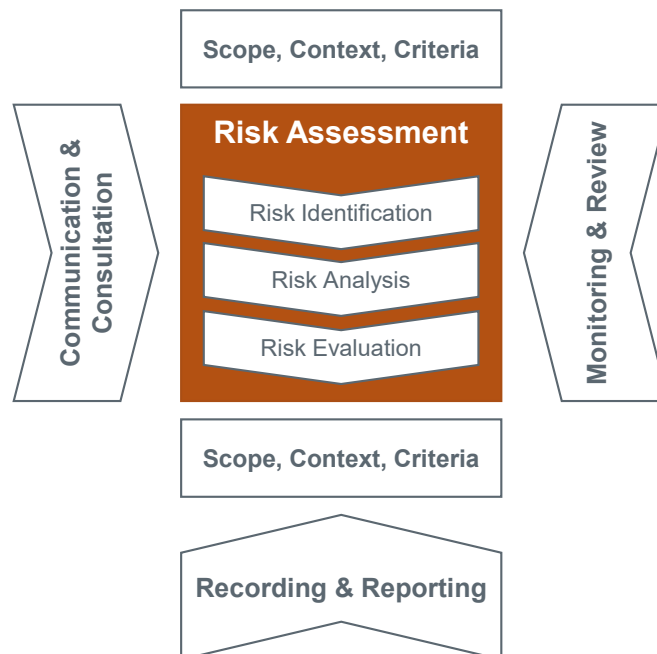


Figure 2.4: Defence Risk Management Process

RISK MANAGEMENT IN THE ODCS

2.78 C1 is the mandated, centrally held enterprise information system that supports capability programs and projects in Defence across the ODCS. C1 is accessed through the DSE.

2.79 C1 is used to manage and analyse risks throughout the ODCS. Capabilities across all of Defence use C1 to manage risks. Risk management data in C1 is used for ongoing capability risk management, as well as Bi-Annual reporting to Government.

2.80 The C1 system is informed by the [Defence Risk Management Framework](#) to ensure the system reflects Defence risk management needs to accurately record and analyse risks.

2.81 CMs are responsible for managing and updating risks in C1 based on their level of risk.

2.82 More information on using C1 can be found in Chapter [2](#), or on the [CapabilityOne webpage](#).

Chapter 3

STRATEGY, CONCEPTS AND PLANNING CYCLE

OVERVIEW

3.1 The Strategy, Concepts and Planning Cycle (SCPC) is the first cycle in the One Defence Capability System (ODCS). It ensures Defence's input into the whole-of-Government [National Defence Strategy](#) (NDS) brings together all aspects of the concept of *National Defence* – a coordinated, whole-of-government and whole-of-nation approach that harnesses all arms of the national power to defend Australia and advance our interests.

3.2 The NDS must be read in conjunction with the Integrated Investment Program (IIP), which sets out the specific defence capabilities Government invests in.

3.3 The two-yearly SCPC aligns with Government's commitment to a two-yearly NDS, ensuring Defence's policy, strategy, capability and planning keep pace with the rapidly evolving strategic environment.

3.4 The biennial timeframe also enables Defence to respond to Australia's national security priorities and provides clarity on capability requirements and timeframes for defence industry.

3.5 Figure 3.1 **below** illustrates the critical path for Defence's capability prioritisation and development through the SCPC.

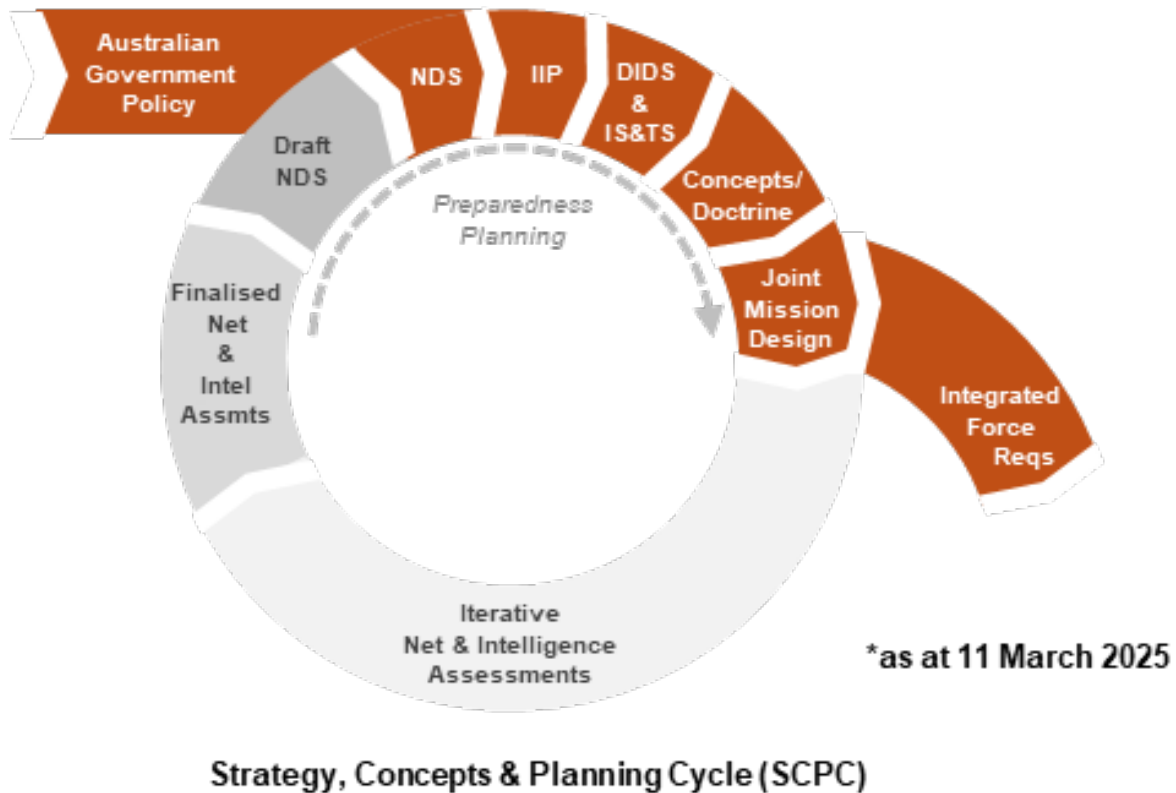


Figure 3.1: Critical path through the Strategy, Concepts and Planning Cycle (SCPC)

NAVIGATING THE CYCLE

3.6 Multiple drivers impact Defence's input into the NDS, including capability experimentation and functional concepts development which shape the Joint Mission Design (JMD) of the force-in-being and the future force.

3.7 The SCPC explores alternative ways of conducting and supporting operations, providing avenues for further development of innovative capability options to be applied to the design of the joint force.

3.8 During the SCPC, Force Integration Division (FID) and Military Strategic Plans (MSP) develop functional concepts. These concepts, in tandem with Domain concepts, provide an integrated approach to addressing force design needs based on rapidly evolving threats.

3.9 The foundational key documents for functional concept development are Concept APEX and Australian Military Power (AMP). These documents are critical in addressing the NDS through the future force (Concept APEX) and the force-in-being (AMP).

3.10 These concept documents align with the NDS outcomes, ensuring that threat, scenario and net assessment appraisals contribute to a cohesive and

coherent picture. Mission engineering distils the Functional Concepts into JMD to validate subsequent force design development.

3.11 Defence determines its requirements for the integrated force using the JMD, Preparedness Directive and Defence Mobilisation Plan. Known as the Integrated Force Requirements (IFR), this combined document suite includes a description of Defence's theoretical optimal capabilities.

3.12 Detail on these documents can be found at:

- a. [The Capstone Concept, Concept APEX: Integrated Campaigning for Deterrence](#); and
- b. [Capstone Doctrine, Australian Military Power \(AMP\)](#).

3.13 Strategic guidance in the NDS and Concept ASPIRE informs the nature of military response reflected in the mission designs and provide context such as threats and geography.

3.14 Concept ASPIRE details are stored in the [Australian Defence Force \(ADF\) Theatre Concept ASPIRE document](#).

3.15 JMD products comprise a suite of mission designs each divided into two parts:

- a. Functional Mission Designs (FMDs) - describe the end-to-end mission activities or 'functions' carried out in response to threats; and
- b. Physical Mission Design - identifies the group or 'System of Systems' (SoS) that will be used to undertake the functions.

3.16 JMD products also support the Integrated Capability Assessment (ICA) process during the Force Design and Assurance Cycle (FDAC). The products identify capability gaps across the joint force, assessing the risk and impact of these gaps on mission outcomes and providing an objective basis to prioritise capability investment.

3.17 Figure 3.2 **below** illustrates the JMD process.

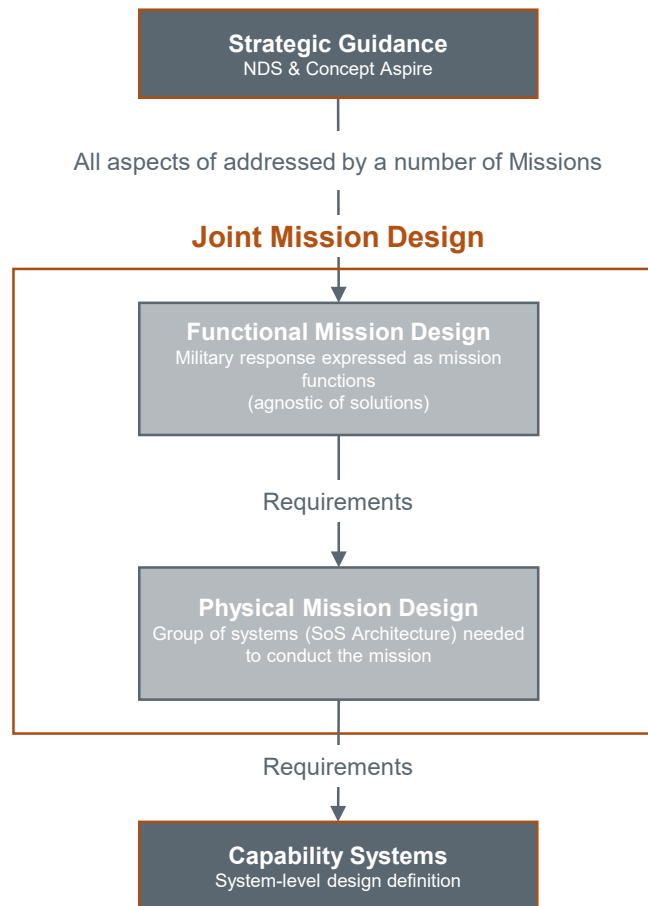


Figure 3.2: Joint Mission Design Process

3.18 Throughout the SCPC two-year process, analysts in the Strategic Policy Division and Defence's intelligence area undertake ongoing Net Assessments that provide a holistic view of threats and capabilities to ensure Defence capabilities are fit-for-purpose.

3.19 The Strategy Policy and Industry Group (SP&IG) initiate and conduct the Net Assessment process based on the strategic environment, Government direction and Defence capability needs across Defence's five domains – Maritime; Land; Air; Space; Cyber.

3.20 The Chief of Defence Intelligence creates strategic assessment documentation from intelligence assessment findings that identify intelligence threats and strategies.

3.21 The SCPC is also integral to force preparedness planning and direction. The Defence Preparedness Directive (DPD), located on the Defence Secret Environment (DSE), articulates the capabilities and preparedness levels Defence must maintain to provide military power to meet Government expectations.

3.22 Defence Preparedness Branch within Force Design Division (FDD) develops the DPD. The team focuses on ensuring Defence has well developed and informed

strategies to maintain a force of high readiness and preparation to respond to contingencies on short notice.

3.23 Other critical considerations for decision-makers during the SCPC include an analysis of the current geopolitical environment and the impact of climate change, as defined in the [Defence Climate Change Policy](#).

3.24 Contestability Division also has a role in the NDS development; ensuring decisions are based on robust information, unbiased analysis and align with strategic priorities.

3.25 The key considerations Contestability Division uses to review Defence's input to the NDS include:

- a. Critical assessment of capability proposals;
- b. Identification of risks and issues that may impact Defence's ability to execute proposed capabilities;
- c. Investigation of resolutions for early mitigation and prevention;
- d. Development of parameters to guide the review of capabilities to improve their objectivity and robustness; and
- e. Providing effective communication, records management and appropriate oversight of capability proposal requirements going to the Defence Investment Committee (IC) and Government for decision.

3.26 Further guidance on Contestability Division's role in the SCPC is in the [Contestability Handbook](#).

3.27 Government reviews the Net Assessments, proposed strategic priorities and capability analysis, and determines the strategic direction and priorities for the defence of Australia, releasing the NDS to address the strategic environment.

3.28 The release of the NDS informs the FDAC.

KEY SCPC DOCUMENTS

3.29 There are several documents used throughout the SCPC, including:

- a. The [National Defence Strategy \(NDS\)](#) – sets out the Government's strategic framework to guide the significant and urgent changes to transform Defence's capability, force posture, force structure, acquisition, recruitments and international engagement. The NDS is the output of the SCPC.
- b. The [Defence Strategy Framework](#) – interprets Government direction from the NDS into strategic guidance for implementation across the Enterprise. It is a key element of Defence Enterprise Performance Management, aligning strategy, resources and capability. The Defence Committee (DC) has overall

policy and direction oversight, and is responsible for approving the draft NDS for progression to Government.

- c. **Classified Joint Directives** – decisions made by the National Security Committee of Cabinet (NSC), the Prime Minister and/or the Minister for Defence, and provide additional strategic direction.
- d. Previous **Integrated Capability Assessments (ICA)** – developed in the FDAC, inform Government of Defence’s proposed current and future capability development and acquisition approach.
- e. The [Joint Concept Framework](#) – comprises several documents, including the ADF Capstone Concept, ADF Theatre Concept and Functional Concepts, and guides future force design and force employment.
- f. The **Defence Preparedness Directive 2025 (DPD)** – is the direction to Defence on the preparedness requirements to defend Australia and its national interests, as well as to provide support to the Australian community and civilian authorities in accordance with Government direction.
- g. The **Defence Preparedness Management System** – articulates, sets, and assures preparedness requirements.
- h. The **Theatre Campaign Plan (TCP)** – supports implementation of the NDS by providing primary operational force employment guidance for Defence.
- i. The **Integrated Readiness Tables** – establishes a unit of measure of what elements of the current force are required to be held against specific preparedness requirements in the event of a Strategic Task being directed to occur. Setting these requirements in turn enables reporting of preparedness gaps and the provision of recommendations to senior leadership to occur.
- j. The **2024 Preparedness and Mobilisation Doctrine** – provides guidance for planning and undertaking Defence preparedness and mobilisation. It explains how these activities are conducted and managed
- k. **Net Assessments** – are classified comparative analyses of capabilities and effects to identify advantages or disadvantages between Defence’s forces and adversaries or competitors.
- l. The [Defence Industry Development Strategy \(DIDS\)](#) – outlines Defence’s priorities for developing an industrial base.
- m. The [Sovereign Defence Industrial Priorities \(SDIP\)](#) – represent the industrial capabilities required by Australia to meet Defence’s priorities.

3.30 The **below** table shows the SCPC processes and authorities:

SCPC AUTHORITIES

Process	Authority/Manager	Owner
National Defence Strategy	FAS NDS	Sec/CDF
Integrated Investment Program Development	ASIP	VCDF
Portfolio Budget Statement	AS Budget & Reporting	Assoc Sec
Defence Industry Development Strategy	DepSec CASG	SEC/CDF
Innovation, Science, and Technology (IS&T)	CDS	SEC/CDF
Net Assessments	DG Futures, Risks & Outreach	Assoc Sec
Intelligence Assessments	HDI	CDI
Preparedness Planning	DG DEFPREP	CDF
Concepts & Doctrine	HFI	VCDF
Capstone Concept	HFI	VCDF
Functional Concepts Development	HFI	VCDF
Domain Concept Development	HoC	CM
Wargaming	Dir JE	HFI
Experimentation	Dir JE	HFI
Joint Doctrine Development	HFI	VCDF
Joint Mission Design	HFI	VCDF

Table 1: SCPC Processes and Authorities

Chapter 4

FORCE DESIGN AND ASSURANCE CYCLE

OVERVIEW

- 4.1 The Force Design and Assurance Cycle (FDAC) is Defence's decision process for determining capability commencement, continuation or cessation.
- 4.2 During this cycle, force designers, led by the Vice Chief of the Defence Force (VCDF), translate Government's strategic intent outlined in the [National Defence Strategy](#) (NDS) into practical force requirements.
- 4.3 This Centre led force design process provides Capability Managers (CMs) and Delivery Managers (DMs) with direction on developing, acquiring, sustaining or decommissioning defence capabilities.
- 4.4 The FDAC provides assurance to the Chief of the Defence Force (CDF), the Secretary of Defence and the Government that Defence is on-track to deliver capability that meets Government expectations.
- 4.5 Figure 4.1 **below** illustrates the critical path for Defence's capability programs and projects through the FDAC.

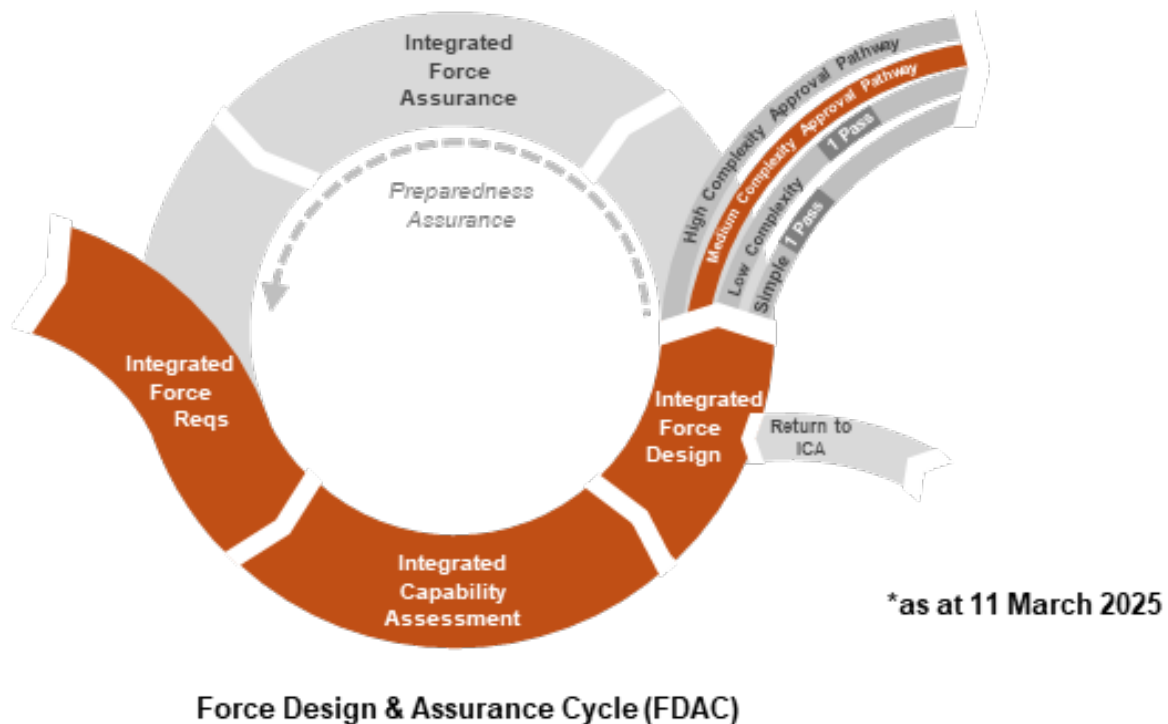


Figure 4.1: Critical path through the Force Design and Assurance Cycle (FDAC)

NAVIGATING THE CYCLE

4.6 The FDAC follows a two-yearly timeline driven by the release of Government's strategic priorities in the NDS and Integrated Investment Program (IIP).

4.7 VCDF is accountable and responsible for ensuring an integrated, focused force. VCDF continually reviews Defence programs and projects to meet the needs of the future force consistent with Government direction.

4.8 The FDAC process involves continuous capability reviews and assurance through the Integrated Force Assurance (IFA) activities. It is also in this cycle that the Integrated Capability Assessment (ICA) process is undertaken.

4.9 The ICA process ensures a co-ordinated approach to determining the needs of the integrated, focused force. The process assesses existing capability against the Government's strategic priorities, determines force preparedness needs, considers asymmetric and/or innovation potential, and seeks to improve capability delivery timeliness.

4.10 Throughout the process, VCDF assesses capability priorities within the IIP, considering both capability outcomes and feasibility of delivery with required timeframes.

4.11 The resulting Integrated Capability Directives (ICDs) provide CMs and DMs with direction on capability priorities. This includes approval pathways, delivery paths

and proposed sustainment channels. ICDs direct timelines for achieving Minimum Viable Capability (MVC) and articulates the strategic workforce requirements to deliver the force design. ICDs also inform the development of the Smart Buyer Forward Work Plan.

INTEGRATED FORCE ASSURANCE (IFA)

4.12 Following Government approval of the IIP, the Force Design Division (FDD) reviews the IFA forward work plan, adjusting assurance assessment timelines where appropriate.

4.13 This process provides proactive design and capability assurance to the VCDF and the Defence Investment Committee (IC) by monitoring program and project progress ahead of Defence decision points and Government consideration.

4.14 The IFA is a continuous, scalable process, allowing for more assurance activities for critical or high-risk programs and/or projects, and reducing activities for low risk projects. The IFA process also identifies capabilities for consideration in the next ICA process.

4.15 FDD determines the projects and programs selected for review in the IFA, and notifies CMs and DMs. The IFA activity assesses MVC achievability, capability costs and schedule performance.

4.16 The IFA activity reviews existing project documentation. Documents required include delivery schedules, cost tables, integrated project management plans, forward work plans and design artefacts.

4.17 The IFA process provides the VCDF and IC with options to change programs and projects to ensure realisation of MVC in the allocated time. The process augments other Defence assurance functions performed by Contestability, preparedness management, test and evaluation, Smart Buyer and Integrated Assurance Reviews (IARs).

4.18 The IFA process involves four activities that programs and projects may be involved in. FDD determines which of the activities are required based on factors such as the program or project's risk profile, complexity, scale, progress against milestone, over/under expenditure, dependencies or interdependencies, that inform the activities undertaken during the IFA.

4.19 The four activities are:

- a. **Monitor.** This is the baseline IFA activity which enables the Head of Force Design (HFD) to identify any high-level design and integration risks and issues and determine what, if any, further IFA activities are needed. During the Monitor activity, CapabilityOne (C1) data and discussions with key stakeholders enable a review of the program or project's status and the associated Fundamental Inputs to Capability (FIC). This activity also

assesses severity of a risk or issue, ascertains the potential impact to MVC and identifies options for early assistance or future in-depth analysis.

- b. **Assess.** HFD escalates a program or project to an Assess activity if directed by the VCDF and/or the outcome from the Monitor activity identifies the potential impact to MVC is high. The Assess activity involves an in-depth analysis of a program or project by Subject Matter Experts (SMEs), Force Design, Force Integration, Contestability and other key stakeholders. The activity is a sprint, with a pre-defined format and duration and produces proposed mitigations or findings that inform the Develop and Decide activities, if required.
- c. **Develop.** This activity consults with key stakeholders and SMEs on the Assess findings. The outcome is a formal risk reduction recommendation.
- d. **Decide.** HFD provides VCDF with recommendations to make changes that ensure the realisation of MVC. The VCDF may engage with central agencies, through the IC, before seeking Government approval, if required.

4.20 The IFA activities inform timely and effective integrated capability decisions, contestable advice and improved portfolio management. Outcomes include advice to mitigate increasing risks and issues such as schedule slippage or cost overrun and options to deliver an effect if a project or program is unlikely to achieve MVC.

4.21 Projects and programs must ensure their project/program information and data is maintained, current and complies with current requirements. C1 is the mandated, centrally held enterprise information system that supports capability programs and projects in Defence across the One Defence Capability System (ODCS).

4.22 Data in C1 is driven by CMs and used by Senior Leadership to make decisions. The data is also used to support decisions in the Integrated Investment Program (IIP).

4.23 Further information on force integration and force design is available on the [Force Design Division webpage](#) or [Force Integration Division webpage](#).

INTEGRATED CAPABILITY ASSESSMENT (ICA)

4.24 The ICA process translates strategic objectives into capability requirements and priorities to give effect to the intent and assesses these requirements against the approved IIP.

4.25 The Joint Warfare Committee (JWC) provides oversight and direction through the ICA process and the IC considers the outcomes of the ICA sprints and provides capability recommendations to Government for approval.

4.26 FDD leads the ICA process, which involves a series of fortnightly sprints that occur during the second phase of the FDAC. IIP projects required to attend an ICA sprint are notified to provide relevant information between March and May.

4.27 Figure 4.2 **below** provides an indicative overview of the ICA process throughout the FDAC:

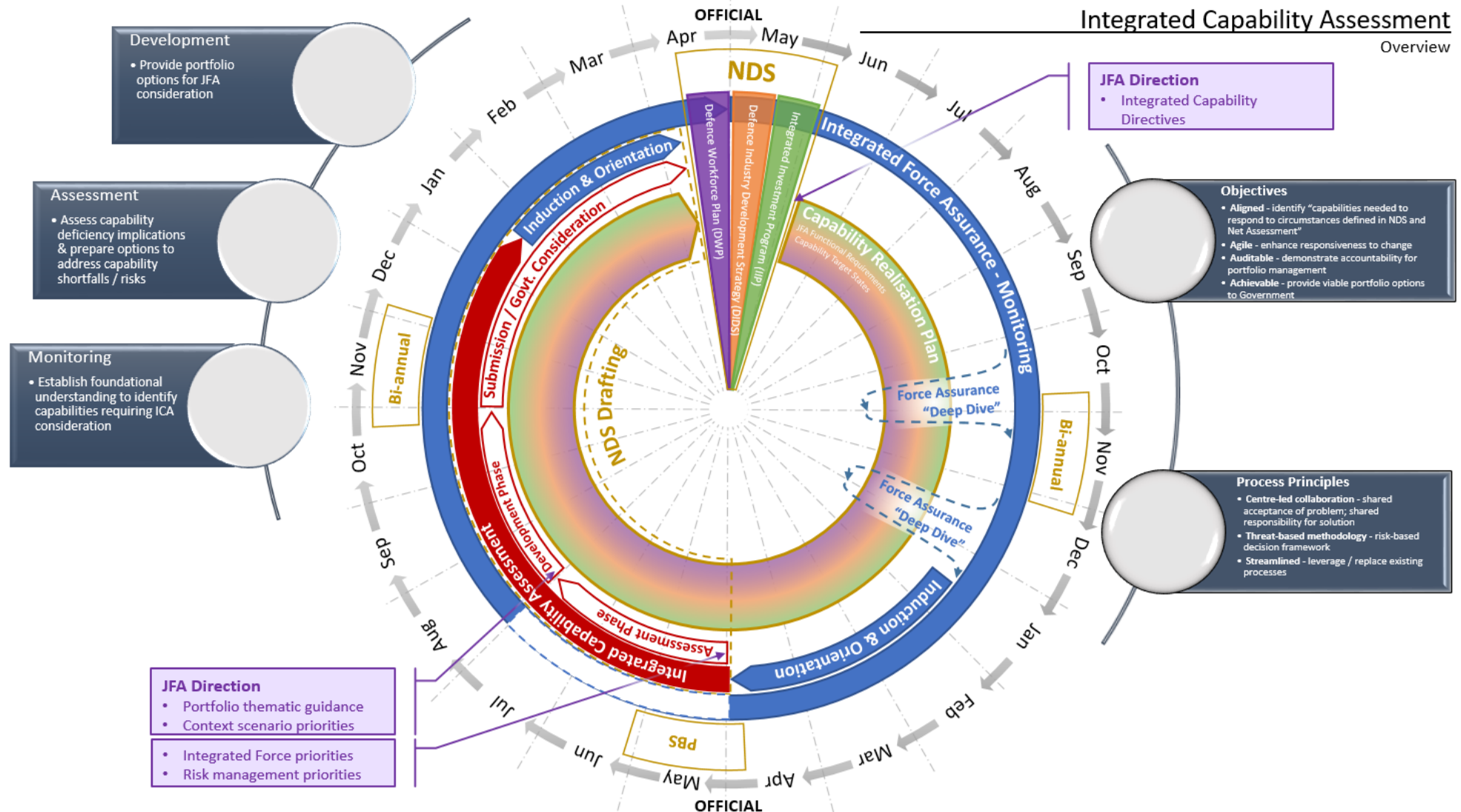


Figure 4.2: Integrated Capability Assessment Overview

4.28 There are three phases to the ICA process:

- a. Assessment phase (May to July);
- b. Development phase (August to October); and
- c. Submission and Government consideration phase (November to April).

4.29 Before an ICA process starts, FDD runs an induction and orientation activity. During this activity, priority capability gaps are identified and projects invited to attend the ICA process. Projects are also identified through the IFA process.

4.30 There are multiple inputs required for the ICA process. A project identified for an ICA sprint should ensure all of project documentation and data is up to date. This includes information on C1 and Enterprise Resource Planning (ERP) data.

4.31 The Induction and Orientation activity process is:

- a. Post-In;
- b. Project Reviews;
- c. Mission Design Review;
- d. Environmental Update; and
- e. Risk Reviews.

4.32 IIP projects that are newly established or have had a scope, schedule or budget changes will go through the assessment phase to produce a functional group assessment.

4.33 Following Induction and Orientation, the Assessment and Development phases of the ICA process commences with a series of sprints. Each sprint takes up to nine working days and follows the below approach:

- a. Uses the recent NDS and Net Assessments as a basis and reviews the outcomes of any previous relevant ICA against recent and relevant threat advice.
- b. Is informed by a VCDF-directed problem statement based on NDS specified scenarios.
- c. FDD leads each sprint, with targeted involvement from CMs and Delivery Groups as required. Central and other Government agencies are included when appropriate.
- d. C1 data and ERP data is the baseline.
- e. Takes into account, where appropriate:

- (1) capabilities that are important to allies and partner integration, interoperability and/or interchangeability;
 - (2) opportunities for innovation and/or asymmetric advantage;
 - (3) industry advice on achievability of capability recommendations; and
 - (4) workforce constraints and risks.
- f. Outputs are drafted iteratively, with FDD leading a review of the consolidated preliminary results.
- 4.34 The ICA process aims to:
- a. Determine appropriately resourced objective and future integrated force structures;
 - b. Determine what the risks are to the force-in-being, ensuring achievability of the objective and future integrated force;
 - c. Inform the development of the next iteration of the NDS;
 - d. Determine MVC definitions;
 - e. Determine capabilities for IFA; and
 - f. Revise the IIP for consideration as part of the subsequent Defence Parliamentary Budget Statement (PBS).
- 4.35 The JWC will provide oversight and guidance on the ICA process and review the proposed outcomes before being finalised.
- 4.36 Following the ICA sprints, updated priorities and determined capability outcomes are incorporated into the revised IIP. At the end of the ICA process, HFD submits the outcomes (including the IIP) to IC for endorsement before proceeding to Government for consideration.
- 4.37 Once approved by Government, the Government-directed Capability Effects and the IIP are used to develop ICDs.
- 4.38 Through ICDs, VCDF defines the MVC required to deliver the Government-directed Capability Effect and directs CMs and DMs on associated requirements.
- 4.39 Government, through the IIP, directs the closure of programs and projects that are no longer a priority for the integrated force. VCDF re-allocates the remaining resources (including workforce) to priority programs and projects. Refer to the [Project Closures and Mergers Tip Card](#) or the [Business Management System \(BMS\)](#) for further information.
- 4.40 Low priority programs and projects that are directed to close and that have already acquired products must follow the capability disposal process as outlined in Chapter [7](#).

INTEGRATED CAPABILITY DIRECTIVES (ICDS)

4.41 ICDs specify VCDF-directed capability requirements and priorities for the objective and future integrated force, including workforce allocations. Consultation with SMEs across Groups and Services, Central agencies when required, and other stakeholders occurs during ICD development.

4.42 Following Government endorsement of the ICA outcomes through the updated IIP, VCDF provides direction to CMs and DMs by issuing ICDs.

4.43 ICDs replace the requirement to develop Joint Capability Needs Statements (JCNS) for future submissions and include definitions of MVC.

4.44 There are three parts to an ICD:

- a. **Part A** – describes the threat baseline, missions and needs and links to Concept ASPIRE and FIC.
- b. **Part B** – provides the VCDF direction on capability in accordance with Government decision and links to the mission(s) described in Part A. This includes identifying approval pathways, delivery paths and proposed sustainment channels.
- c. **Part C** – articulates the strategic workforce requirements to deliver the force design as described in Part B.

4.45 The ICDs inform the development of the Smart Buyer Forward Work Plan.

SECURITY

4.46 Security hygiene and active management of security risks is critical to ensuring Defence capabilities remain uncompromised.

4.47 Failure to adequately protect the people, assets, information and capabilities of Defence and our key partners, could compromise Australia's security, defence or international relations.

4.48 Security planning and controls require active and thorough consideration and ongoing management and maintenance throughout all stages of the ODCS, including identifying and addressing security impacts on all FIC, such as facilities, systems, workforce, and industry capability and capacity.

4.49 CMs, delivery and enabler Group Heads are responsible for the security of all projects managed by their respective Groups and Services and for the appointment of the Project Managers responsible for a project's security.

4.50 The Defence Industry Security Program (DISP) is a membership-based program that sets baseline security requirements for industry entities wishing to engage in Defence projects, contracts and tenders. The DISP is a key control in the layered approach to security that helps protect Defence capability.

4.51 CMs, DMs, project and contract managers have a number of responsibilities when procuring services from a DISP member and need to monitor the effectiveness of security controls (and member behaviours) throughout the life of the contract.

4.52 Project security risk is considered and managed through the [Defence Security Principles Framework \(DSPF\)](#). See in particular: DSPF Principle 11: Security for Projects and Principle 12: Security for Capability Planning.

4.53 Further details on security risk management, including the [Control Owner Areas of Accountability](#), the [Security Classification and Categorisation Guide](#), and the [Defence Industry Security Program](#), are available on the [Defence Security Division's webpage](#).

TEST & EVALUATION

4.54 Test and evaluation (T&E) supports capability decision-making by providing credible information on the safety, effectiveness, risk and suitability of capabilities. T&E is applied at product, project, program and integrated Joint Force level.

4.55 The [Defence Test and Evaluation Manual](#) describes Defence's approach to T&E across the ODCS, and the responsibilities for CMs and Delivery Groups for T&E governance planning, conduct and reporting (including to the IC and Government).

TEST & EVALUATION RESPONSIBILITIES

4.56 The CM is responsible for:

- a. Providing subordinate test and evaluation policy and plans for their Programs, Products and Projects;
- b. Ensuring that the Program Test and Evaluation Master Plan (TEMP) is aligned to the ICDs;
- c. Ensuring that T&E activities are conducted;
- d. Providing necessary and appropriate resources in support of T&E;
- e. Ensuring that the outcomes of T&E activities are used to inform decision making in the ICA; and
- f. Appointing a T&E representative.

4.57 Further details on Test and Evaluation process and associated templates can be found on the [Defence Test and Evaluation webpage](#).

INNOVATION, SCIENCE & TECHNOLOGY

4.58 Under development. Further information will be provided in the coming months.

WORKFORCE

4.59 The NDS identified the need for a transformative uplift across the entirety of the Defence people system and the need for improving the growth and retention of a highly skilled workforce as the ADF transforms from a balanced to an integrated, focused force. The uplift is required to address Defence's workforce needs in delivering capability outcomes.

4.60 The [Defence Workforce Plan](#) provides direction on the most immediate and urgent workforce priorities to contribute to the development and implementation of the NDS. The DWP details Defence's priority for recruiting, retaining and growing the highly specialised and skilled workforce needed to meet Defence's capability requirements.

4.61 Strategic workforce planning is a deliberate and systematic process by which Defence determines the future personnel and organisational resource requirements needed to achieve strategic goals, objectives or outcomes. The process translates the work required to be performed into a picture of the required workforce, including how many people, what skill sets, what organisational structures and what employment types are needed. HMWD sponsor this capability workforce planning framework.

Further information and advice is available through the [Military Workforce Design webpage](#) and the [Workforce Design Handbook](#).

INDUSTRY

4.62 The [Defence Industry Development Strategy](#) (DIDS) establishes the framework and principles for Australia's defence industry policy. The policy settings reflect the changing strategic circumstances and deliver the initiatives required to develop Australia's sovereign defence industrial base required to meet our national security requirements. The initiatives include:

- a. Sovereign Defence Industrial Priorities (SDIP) supported by detailed information on areas of priority;
- b. Reforms to procurement processes;
- c. Growing and developing the workforce required to deliver defence industrial capability;
- d. Uplifting the security posture of defence industry; and
- e. Changes to the way Defence engages with industry to better inform industry of Defence's needs and Defence of industry's capabilities.

4.63 Defence will work with industry to implement the DIDS, and deliver an innovative, resilient and competitive defence industrial base that creates a stronger, more secure Australia.

4.64 As a FIC, industry support is crucial for Defence to develop, acquire and sustain capability. Unlike other FIC, Defence does not control industry and must manage engagement appropriately.

4.65 The [Early Industry Engagement Better Practice Guide](#) contains guidance for Defence staff undertaking industry engagement during the early stages of capability development.

4.66 Formal industry engagement activities conducted after the establishment of a new unapproved project are subject to the [Commonwealth Procurement Rules](#).

4.67 [Industry engagement activities](#) are required before projects seek Combined or Second Pass approval, unless the capability being sought is achievable through a Foreign Military Sale arrangement. Engaging with industry before Government approval ensures tender quality information on cost, scope and schedule is provided by the market.

SMART BUYER

4.68 The Smart Buyer program is a decision-support tool for the planning and delivery of capability initiatives. It is particularly important in the very early stages of the development of a capability project, to inform the initial shaping of the approach.

4.69 Smart Buyer workshops provide Defence capability projects and programs with independent perspectives, strategic views, broad stakeholder engagement, confrontation of risk, consideration of alternatives, industry perspectives, and senior officer guidance to Defence capability projects and programs.

4.70 Smart buyer does not determine capability priorities, or make capability investment recommendations.

4.71 The outputs from Smart Buyer workshops inform decision-making on the most suitable execution strategies for capability development, approval, acquisition and sustainment activities.

4.72 Smart Buyer workshops can also be adapted to support strategy validation or strategy development at other decision points in the ODCS.

4.73 The outcomes of the ICA and the resultant ICDs provide the basis of the Forward Work Plan for Smart Buyer workshops.

4.74 The Deputy Secretary Capability Acquisition and Sustainment Group (CASG) is the authority, delegated by the VCDF, for the policy, planning and delivery of the Smart Buyer process.

4.75 The day-to-day leadership and management is undertaken by the IAR and Smart Buyer Directorate within the Independent Project and Portfolio Management Office (IPPMO).

4.76 While the Smart Buyer process provides independent advice and assurance to line managers, the process and its outcomes are not substitutes for line management responsibility for the ongoing effective leadership, direction and oversight of capability development and delivery performance.

4.77 The Smart Buyer process is also complementary to the IAR process delivered through CASG. In combination, these processes are able to provide regular advice and assistance to project teams and assurance to managers, as projects progress from initiation to Government approval and then to implementation.

4.78 Outcomes of Smart Buyer and IAR activities inform FDAC processes.

4.79 Further details on Smart Buyer and its process are located on the [Smart Buyer webpage](#).

FDAC AUTHORITIES

4.80 The **below** table shows the FDAC processes and authorities:

Process	Authority/Manager	Owner
Integrated Force Requirements Development	FOAP	VCDF
Integrated Capability Assessment	FOAP	VCDF
Smart Buyer Workshopping	Dir Smart Buyer	VCDF
Innovation Engagement (TBC)	(TBC)	VCDF
Integrated Force Design	FOAP	VCDF
IIP Bi Annual Update	ASIP	HFD
Experimentation	Dir JE	HFI
Verification and Validation	FOAP	HFD
Test & Evaluation	Dir T&E	HFI
Complexity Assessments	ASIP	HFD
New Project Establishment	ASIP	HFD
Early Access Funding	ASIP	HFD
Material Project Change	ASIP	HFD
Minor Project Scope Change	ASIP	HFD
Investment Decisions	ASIP	HFD
Integrated Force Assurance	FOAP	HFD
Preparedness Assurance	DG DEFPREP	HFD

Table 2: FDAC Processes & Authorities

Chapter 5

INVESTMENT AND DELIVERY CYCLE

OVERVIEW

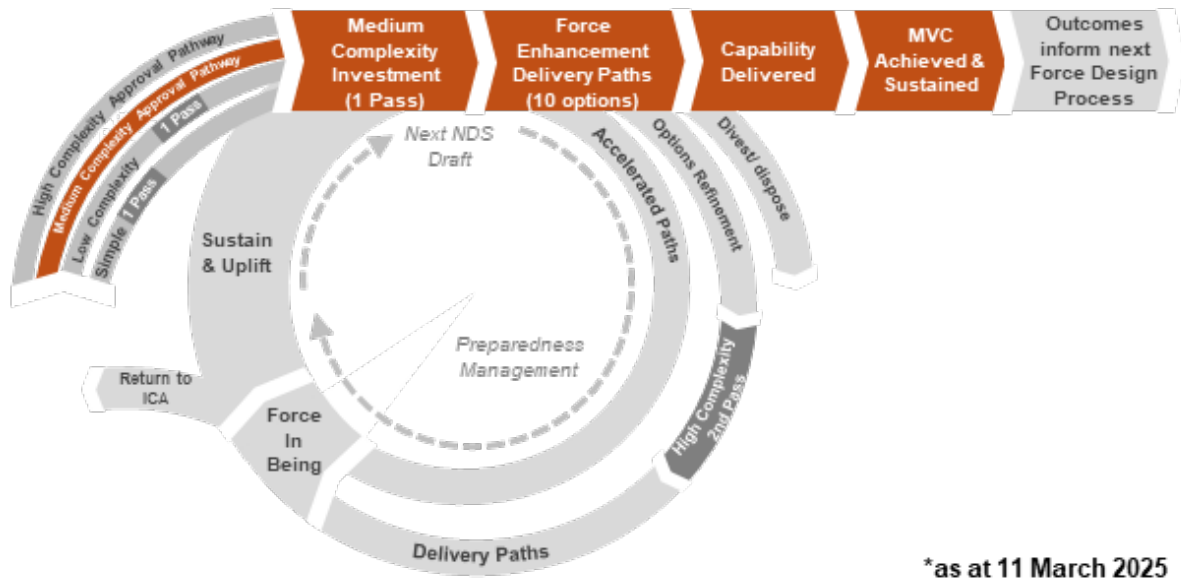
5.1 Following Government's approval of the Integrated Investment Program (IIP), Vice Chief of the Defence Force (VCDF) will issue Integrated Capability Directives (ICDs) to Capability Managers (CMs) and Delivery Managers (DMs) which will direct the approval pathways and delivery paths for their current and future programs and projects.

5.2 It is at this stage that programs and projects enter the Investment and Delivery Cycle (I&DC) where project requirements, including Fundamental Inputs to Capability (FIC), are refined.

5.3 The Defence Investment Committee (IC) may approve early access funding for capability development and risk reduction activities. This enables projects to enter into provider contracts up to the value and scope as approved by the IC. Detailed information for early access funding requests is located in the [Early Access Funding Section](#).

5.4 CMs, supported by Delivery Groups and FIC providers, are responsible for seeking Government approval to acquire capability.

5.5 There are multiple ways projects progress through the I&DC, including six Government approval pathways, ten capability acquisition delivery paths and four sustainment processes. Figure 5.1 **below** provides a representation of the I&DC critical path for the majority of Defence capability projects.



Investment & Delivery Cycle (I&DC)

Figure 5.1: Representation of the Investment and Delivery Cycle (I&DC) critical path for the majority of capability projects

COMPLEXITY ASSESSMENTS

5.6 Each IIP project undergoes a Complexity Assessment, carried out by the Investment Portfolio Management Branch (IPMB) within Force Design Division (FDD) of Vice Chief of the Defence Force Group (VCDFG). These assessments are endorsed by IC and approved by the National Security Investment Subcommittee (NSIS).

5.7 The Complexity Assessment determines the pathway that the project will take to seek Government approval and includes a holistic assessment of a complexity profile of a project and the decisions being sought. The assessment criteria includes (but is not limited to):

- a. Criticality to the integrated force;
- b. Complexity (comprising project management, commercial, procurement and technical engineering components);
- c. Expected cost;
- d. Acquisition type;
- e. Domestic sensitivities;
- f. International relations;
- g. Urgency; and
- h. Risks.

5.8 Complexity Assessments draw on relevant information from a number of existing internal assessments, including (but not limited to):

- a. Capability and delivery risk assessments;
- b. Technical assessments;
- c. Workforce assessments;
- d. Project business cases;
- e. Previous Cabinet submissions; and
- f. Independent Assurance and Smart Buyer reviews.

5.9 In the event that project circumstances materially change following NSIS approval of the Approval Pathway and Authority, the Complexity Assessment and the approval pathway or authority is re-assessed by IPMB, in consultation with the project team.

5.10 This may occur when:

- a. Proposing changes to the project's existing pathway;
- b. Proposing multiple Government decisions within the one submission, with potentially different complexity profiles, such as multiple project elements at different stages of maturity;
- c. Separating an established omnibus capability submission;
- d. Combining multiple capability proposals into an omnibus capability submission; or
- e. Changing the risk profile of the project and/or Project Execution Strategies (PES) that impacts the complexity of the Government decision.

COMPLEXITY ASSESSMENT PROCESS

5.11 Complexity Assessments determine which Government approval pathway and delivery path each IIP project follows. Project leads engage with IPMB as project documentation develops.

5.12 IPMB reviews project documentation to inform the complexity assessment and advises the appropriate Program/Project Management Office that a complexity assessment is being carried out.

5.13 IPMB also consults relevant stakeholders to ensure a comprehensive assessment process is conducted. The CM reviews the draft Complexity Assessment before consideration by Central Agencies.

5.14 The IC endorses the proposed pathway and authority identified in the Complexity Assessments. IPMB then prepares a Capability Approval Pathways and Authorities Cabinet Memorandum, which goes to the NSIS for approval.

- 5.15 Upon NSIS approval, IPMB updates CapabilityOne (C1) to reflect the Government decision on the Approval Pathway and Authority.
- 5.16 Defence is required to report all changes to Authorities or Approval Pathways for IIP initiatives to Government in subsequent Bi-Annual Updates of the IIP.
- 5.17 If a Complexity Assessment is not endorsed by the IC, CMs are required to work with IPMB to complete any follow-up actions and address IC direction prior to resubmitting the assessment for IC consideration.
- 5.18 Detailed advice on Complexity Assessments is available in the One Defence Capability System (ODCS) Cycles & Processes section of the Business Management System (BMS) in the [Complexity Assessment Tip Card](#).

APPROVAL PATHWAYS

- 5.19 Approval pathways for projects are determined by the NSIS, following recommendations from IC based on a project's Complexity Assessment.
- 5.20 The approval pathways and authorities are:

Project complexity	Standard pathway	Accelerated pathway
High complexity	NSIS/NSC and 2 Pass	NSIS/NSC and 1 Pass
Medium complexity	NSIS/NSC and 1 Pass	3 MIN and 1 Pass
Low complexity	2 MIN and 1 Pass	
Simple	1 MIN and 1 Pass	

Table 3: Approval Pathways & Authorities

- 5.21 Pathways for projects are:
- Simple** projects will seek Combined Pass approval through the Minister for Defence through Ministerial Correspondence;
 - Low Complexity** projects will seek Combined Pass approval through the Minister for Defence and the Minister for Finance. The submission is a Ministerial Submission;
 - Medium Complexity** projects will seek Combined Pass approval through NSIS and/or National Security Committee of Cabinet (NSC). The submission is a Cabinet Submission (CABSUB);
 - Medium Complexity** projects on an **accelerated pathway** will seek Combined Pass approval through the Prime Minister, the Minister for Defence and the Minister for Finance. The submission is a Ministerial Submission (MINSUB);

- e. **High Complexity** projects will seek Two Pass approval through NSIS and NSC. The submission is a CABSUB; and
- f. **High Complexity** projects on an **accelerated pathway** will seek Combined Pass approval through NSIS and NSC.

5.22 Government may agree to combine projects into a program-level or capability domain submission, where projects share key interdependencies and relationships.

5.23 The CM is accountable for drafting the approval document suite that set out the proposed execution process as determined by the project's Complexity Assessment.

5.24 The submission documents and associated correspondence must succinctly articulate the project's development, including:

- a. The nature of the capability requirements and how the approval supports these requirements;
- b. Justification for the proposed acquisition, including advice on relevant commercial and implementation arrangements, analysis and value for money considerations;
- c. Financial requirements for the project and the activities to be undertaken, including whole-of-life cost, the IIP provisions which support the approval and affordability of the approval;
- d. The risks affecting the project, including risks if the proposal is or is not agreed by Government, and the relevant mitigation strategies;
- e. All capability options considered as part of developing the proposal;
- f. Any dependent project(s) or interoperability requirements or considerations;
- g. Any legislative, regulatory or legal implications associated with the project;
- h. Alignment with the National Defence Strategy (NDS) and relevant programs within the IIP;
- i. For facilities projects, advice on whether the proposed works will be referred or notified to the Parliamentary Standing Committee on Public Works (PWC); and
- j. The relevant delivery milestones associated with the approval.

5.25 Further detailed advice on Approval Pathways is available in the ODCS BMS.

ESTABLISHING A NEW PROJECT

5.26 The IC has Government-directed authority to establish new projects at any time within an existing program of the IIP. This is done if the new project:

- a. Will not negatively impact the Minimum Viable Capability (MVC) of the relevant IIP program which the project will be under;
- b. Will not need a significant amount of unapproved funding provisions or reprioritisation of the IIP;
- c. Supports, enables or strengthens an existing Capability Effect or priority outlined in the NDS; or
- d. Planning and delivery is achievable without requiring significant changes to existing enabling infrastructure.

5.27 To request a new capability project outside the Integrated Capability Assessment (ICA) phase of the Force Design and Assurance Cycle (FDAC), the CM must engage with FDD to understand the implications to the integrated force design and the IIP.

5.28 The CM must provide:

- a. The ICD the project will be raised against; and
- b. An overview of the proposed project, including:
 - (1) The capability type;
 - (2) The capability option;
 - (3) How the proposed new project would support the Government-directed Capability Effect, or MVC requirement specified in the ICD;
 - (4) A proposed cost model; and
 - (5) Potential risks and sensitivities.

5.29 Before approaching FDD, the CM must ensure the business case is consulted with:

- a. The Program Support Office for the program that the proposed project would belong to. This ensures the proposed change is compatible with other capability projects within that Domain and there are no unforeseen interoperability impacts; and
- b. The program DM the proposed project will align with to account for any delivery impacts.

5.30 IPMB manages the process for creating new projects under existing programs. If FDD supports the creation of a new project, a project Complexity Assessment will be completed in consultation with the CM.

5.31 If FDD do not support the proposed project as an immediate priority, the CM may be directed to a future ICA process for further consideration.

5.32 Once endorsed by the IC, new capability projects are entered into the IIP with a planning provision. The projects become accessible to project teams through the C1 system.

5.33 The IIP entry allocates resources (workforce) for pre-approval activities (risk reduction and/or options refinement).

5.34 Following entry into the IIP, the CM begins the approval process as determined by the Complexity Assessment.

5.35 The CM is accountable for developing key milestones and risks to achieve MVC (such as when the approach to market will occur) and entering this information into C1.

5.36 Further detailed advice on establishing a new project is available in the ODCS Cycles & Processes section of the BMS in the [Establishing New Projects Tip Card](#).

EARLY ACCESS FUNDING

5.37 If necessary, the CM can request Early Access funding for project development and/or risk reduction initiatives to support the Government decision process.

5.38 The IC has authority to approve Early Access funding requests up to \$75 million (inclusive of contingency). Multilateral cooperation programs are not approved for Early Access. All Early Access funding requests must be affordable within the project's overall IIP provision.

5.39 Any requests exceeding \$75 million are referred to Government for approval.

5.40 Projects seeking Early Access funding must adhere to the following principles:

- a. The funded activities are risk reduction and capability development in nature;
- b. Cost estimates for Early Access funds must meet the Defence Cost Estimation Standards as set out in the [Defence Capability Costing Manual](#);
- c. Cost estimates may only include a contingency for non-workforce related costs that have identifiable cost risks (for example, to manage risks associated with prototyping);
- d. Project proposals are required to justify the rationale for any contingency in the IC submission. This justification should be based on the risks presented by non-workforce costs;
- e. Requests are part of the project's total cost of ownership;
- f. Funding will not be used to conduct acquisition activities (real scope) on a planned capability that may influence a Government decision; and

g. Funding must not be used for sustainment or operating costs.

5.41 To request Early Access funding, the CM must provide a Short Form Business Case, including cost estimates in accordance with the Defence Capability Costing Policy Framework.

5.42 Early Access requests that do not use the Short Form Business Case are not accepted. IPMB may approve the inclusion of a Short Form Business Case attachment to a Sponsor's Paper where related proposals are being considered at IC.

5.43 A Short Form Business Case must include:

- a. A recommendation statement for approval;
- b. Proposal;
- c. Scope and schedule;
- d. Rationale;
- e. FIC requirements;
- f. Financial implications;
- g. Risk considerations; and
- h. Australian Industry Participation;

5.44 The IC minutes will inform projects of Early Access approval decisions.

5.45 A project with approved Early Access has the authority and available funds to enter into contracts to the value and scope agreed within the authority of the IC.

5.46 IPMB report approved Early Access requests through the IIP Bi-Annual Update.

5.47 Further detailed advice on Early Access funding is available in the ODCS Cycles & Processes section of the BMS in the [Early Access Funding Tip Card](#).

WORKING TOWARDS GOVERNMENT APPROVAL

5.48 In the past capability projects were expected to take a standard route to Government, through a two gate process. This is no longer the case, with project pathway determined by a complexity assessment, the paths vary from correspondence to one or two passes through Government.

5.49 A project's CM, working in partnership with the project's DM and FIC providers, is accountable for producing the Government Approval submission document suite.

5.50 Submissions must be considered internally first by the Capability Gate Review Committee (CGR) before progressing to the IC. The CM is accountable for ensuring that all submissions have been consulted with relevant stakeholders.

FIRST PASS

5.51 Where the project is of high complexity and the pathway has been determined as a Two Pass, there is an initial, or First Pass approval. First Pass Government Approval grants the CM the authority to begin developing Second Pass Government Approval activities.

5.52 Defence's internal review process for First Pass submissions may be referred to as Gate 1.

5.53 Individual project submissions may be grouped up as an omnibus submission at the program level. This does not change the level of detail required in each of the individual project submissions.

5.54 First Pass Government Approval is not a commitment to purchase a new capability - it only grants approval to carry out the necessary work to progress to Second Pass Government Approval.

5.55 First Pass Government Approval submissions require the following documents:

- a. A Cabinet Submission, no longer than six pages (excluding attachments) containing:
 - (1) A one-page summary of the proposal and key reasoning, key risks and sensitivities, implementation considerations and financial implications;
 - (2) A clear, one-page recommendation seeking Government decision to whether the project may proceed and seeking permission for the conduct of industry solicitation, including examination of specific options where necessary;
 - (3) The policy proposal and reasoning, including value-for-money assessment and analysis of the preferred capability option to meet Government's priorities and the range of viable alternative options. Each option must be a feasible solution that specifically identifies materiel from identified sources and include FIC capability requirements, the basis of provisioning, capability realisation timeframes, asset management planning, preparedness considerations and sustainment allocations;
 - (4) The overall level of risk and any sensitivities associated with the project, including interdependencies, and possible strategies to mitigate these risks; and

- (5) An assessment of the impact of the proposal, such as impacts on Sovereign Defence Industrial Priorities (SDIP) and environmental impacts.
 - b. A preliminary PES, including initial delivery milestones and FIC requirements;
 - c. A preliminary cost estimate;
 - d. A Workforce Estimate or Capability Workforce Realisation Plan (as required) inclusive of identification of workforce requirements, risks and associated funding to support the project; and
 - e. A Complexity Assessment recommending an appropriate Government Approval Pathway and Approval Authority for the project.
- 5.56 Submission documents must be consulted with:
- a. The project's Delivery Group – to provide advice on development of the PES, consult with FIC providers, arrange Smart Buyer activities, and conduct project risk assessments;
 - b. Contestability Division – to independently assess and provide advice to improve the quality of the submission;
 - c. Force Design Division (FDD) – to ensure the project is consistent with its ICD and preparedness requirements, develop a Complexity Assessment, and ensure the project data is updated on C1;
 - d. Force Integration Division (FID) – to arrange consideration from the Information Environment Control Board (IECB) where required, begin development of a Test and Evaluation Master Plan (TEMP), review the project's consistency with the Joint Concepts and Doctrine, and ensure Joint Force Dependencies are reviewed and captured in the Force Interoperability and Dependency Analysis System (FIDAS) module of C1;
 - e. Financial Performance and Management Division – to provide technical costing assurance;
 - f. Defence People Group (DPG) and Military Workforce Design Division (MWDD) – to assist with understanding of the workforce requirements, risks and constraints and to support development of the Workforce Realisation Plan. ;
 - g. Strategy, Policy and Industry Division – to assess the consistency of the project with the NDS and other key strategies (e.g. the Defence Industry Development Strategy (DIDS)), and review key impacts (e.g. industry, environment);
 - h. Defence Digital Group (DDG) – to assess the required data and systems to support the capability;

- i. Defence Legal Division – for any projects with potential International Traffic in Arms Regulations, intellectual property or Article 36: Legal Review of Weapons considerations;
- j. Defence Science and Technology Group (DSTG) – to inform Asymmetry and Technical Risk Assessments; and
- k. Security and Estate Group (SEG) – to assess the infrastructure and estate requirements for the project.

5.57 Work should also progress to mature the document suite required for Second Pass Government Approval, including:

- a. An Integrated Project Management Plan (IPMP);
- b. An Integrated Master Schedule;
- c. A TEMP;
- d. A Program/ Project Risk Assessment;
- e. A comprehensive Capability Workforce Realisation Plan; and
- f. A Risk Management Plan.

5.58 Additionally, the project should also develop project-specific supporting documentation, such as a Facilities Business Case for capability projects with a facilities component, a Benefits Realisation Plan for Information and Communications Technology (ICT) projects, and/or an Asymmetry Assessment or Technical Risk Assessment.

5.59 The CM is accountable to ensure all documents are ready for submission 11 business days before the IC review date. This date is set out in the IC forward work plan.

5.60 CGR may provide direction to the CM in order to prepare the submission to IC. Any CGR actions must be closed before the project's IC date.

5.61 The CM can request a change in the project's Committee schedule by submitting a Schedule Committee Amendment Request (SCAR) on C1. Until the SCAR is approved, CMs should continue towards with original Committee deadlines.

5.62 The IC determines if a project submission is ready for First Pass Government consideration. When approved, submissions are distributed to Central Agencies for review through two stages: Exposure Draft and Coordination Final.

5.63 Submissions are released to Central Agencies according to timeframes requested by the sponsoring Minister, but no later than the timeframes set by the Cabinet Secretary. All critical dates, as well as deadlines for related briefings, are provided by Defence's Cabinet Liaison Services.

5.64 Submissions not requiring NSIS/NSC consideration are agreed by Ministers as set out in the project's Approval Pathway. The consideration period for these submissions is ten days after lodgement of documents.

5.65 The VCDF, through IPMB, will formally advise the CM and DM on the Government approved timeframes for the project to progress to Second Pass Government Approval. This advice, and any other relevant outcomes, will be reflected in an update to the project entry in C1.

SECOND AND COMBINED (ONE) PASS PATHWAYS

5.66 Following First Pass Government Approval, projects progress towards Second Pass Government Approval. Combined Pass Government Approval is for projects needing one pass for Government approval.

5.67 Defence's internal review process for Second Pass and Combined Pass submissions is frequently referred to as Gate 2.

5.68 The CM, working in partnership with the DM and FIC providers, is accountable for further developing First Pass documentation to produce a comprehensive Second Pass document suite.

5.69 Projects seeking Second Pass approval must complete a Schedule Confidence Risk Review (SC2R) before consideration by the IC. Projects must also draft a Product Delivery Agreement (PDA) or Material Acquisition Agreement (MAA) if required. The draft PDA or MAA must be ready to execute as soon as possible after the project receives Government Second Pass approval.

5.70 Submission documentation is reviewed by the CGR before consideration by the IC. The CM is accountable for ensuring that all documents include the level of detail necessary to fully support the decisions being requested. The CM is also accountable for ensuring the documents are consulted with the relevant stakeholders.

5.71 IPMB is responsible for distributing a project's documents for the CGR review. IPMB also provides support to the CM in submitting documents to the IC Secretariat.

5.72 Following IC endorsement, the submission proceeds to Combined Pass or Second Pass Government consideration. Combined Pass or Second Pass Government approval provides authority for a project to begin acquisition.

5.73 Combined Pass or Second Pass submissions for individual projects may be bundled under an omnibus submission at the program level. However, the level of detail required for each individual project remains the same.

5.74 The following documents are required for Combined Pass or Second Pass submission:

- a. An updated document suite that builds on the documentation required for First Pass Government Approval;
- b. A Ministerial Summary for projects on a Simple, Low or accelerated Medium complexity approval pathway;
- c. A comprehensive PES, including detailed delivery milestones and FIC requirements;
- d. A comprehensive cost estimate;
- e. A comprehensive Capability Workforce Realisation Plan ; and
- f. A Risk Management Plan.

5.75 The project should also develop project-specific supporting documentation to be provided if requested, including:

- a. A Technical Risk Assessment and Project Risk Assessment;
- b. An IPMP;
- c. An Integrated Master Schedule;
- d. A TEMP;
- e. A Facilities Business Case for capability projects with a facilities component; and
- f. A Benefits Realisation Plan for ICT projects.

5.76 As with First Pass documentation, the Combined Pass and Second Pass documents must be consulted across Defence.

5.77 In addition, the timelines outlined for First Pass reviews are the same for Combined and Second Pass considerations and are reviewed through the same process.

PROJECT CHANGES

5.78 Any proposed material change to a Government-approved capability project must first be agreed by Government.

5.79 A project change is considered material where it:

- a. Seeks to alter the project's approved MVC;
- b. Would significantly change the project's force interoperability, integration, mobilisation requirements or FIC requirements. For example, increasing workforce requirements above the level committed to the program or needing new or altered facilities;
- c. Seeks to change key delivery milestones that creates a risk to any intended capability outcome;

- d. Requires an increase in the total approved funding cannot be managed within the relevant program; or
- e. Represents, or results in, a change to the project's complexity profile, as described in the Complexity Assessment supporting the project's Government approval pathway.

5.80 The CM is accountable for submitting material change proposals through CGR to the IC for approval. IPMB will assist the CM with managing consultations and will track the IC and Government decisions. IPMB will also update C1 and report the approved material changes to Government in the next IIP Bi-Annual Update.

5.81 CMs must seek approval for proposed material project changes through a project variation submission, submitted through IPMB four weeks before the project's planned IC meeting.

5.82 The project variation submission must include:

- a. A clear recommendation to Government with the proposed change and the impact to capability if not approved;
- b. The material change sought, such as an increase in quantity and/or technical change;
- c. The implications of the material change, such as a cost increase for the program and/or additional unplanned FIC;
- d. An assessment of the effect on the capability outcomes, such as shortened timeframe to achieve a preparedness requirement and the impact to the Integrated Force in accordance with the relevant ICD and MVC;
- e. The risks for the proposed material change, including how the change impacts the overall risk level of the project;
- f. An assessment of any impact, including nil change, to the project's Complexity Assessment;
- g. A description of the financial implications, including an updated cost model; and
- h. Any other relevant supporting evidence, such as an updated workforce model for scope changes with workforce implications and an updated industry engagement plan.

5.83 The project variation submission should be drafted as either a CABSUB, MINSUB, or Ministerial Correspondence, according to the project's Government Authority and Approval Pathway.

5.84 The CM must consult with the following areas when drafting the project variation submission:

- a. The project's Program Support Office – to ensure the proposed change is compatible with other capability projects within that domain and that the change does not have unforeseen interoperability impacts; and
- b. The project's DM – to ensure delivery impacts, such as FIC and industry, are accounted for.

5.85 The project variation submission must be submitted to IPMB, which will assist the CM with managing consultations and will track the IC and Government decisions.

5.86 IPMB is also responsible for assessing whether the proposed project variation submission changes the project's complexity profile as described in the Complexity Assessment.

5.87 The CGR may direct the CM to undertake further action before agreeing for the proposal to proceed to the IC for consideration. The IC may also direct the CM to undertake further action, which must be published as "closed" before the requested deadline as set by the IC.

5.88 Subject to IC endorsement, project variation submissions are subsequently tabled for decision by their agreed Government authority through the established approval pathway.

5.89 IPMB will update C1 to reflect the IC and Government decision(s) and report all approved material project changes to Government in the next IIP Bi-Annual Update.

MINOR SCOPE CHANGES

5.90 IPMB works with the project team to determine if the proposed scope change is minor. This is where it:

- a. Does not alter the intended outcome of the capability;
- b. Is consistent with the approved MVC;
- c. Does not result in broader impacts to the capability, including FIC, force interoperability, integration or mobilisation;
- d. Does not change the key delivery milestones so that there are no additional risks to any intended capability outcome;
- e. Does not result in broader impacts on the total approved funding; or
- f. Does not elevate the project's complexity assessment.

5.91 Proposed minor scope changes are reviewed by CGR before submission to the IC, which has the authority to approve minor scope changes. All minor scope changes approved by IC are reported to Government in the next IIP Bi-Annual Update.

5.92 CMs must seek approval for proposed minor scope changes through a change proposal, which is consulted through IPMB.

5.93 Change proposals must include:

- a. A succinct description of the project, in accordance with its assigned MVC;
- b. A succinct description of the current scope as relevant to the sought changes;
- c. The proposed scope, including a description of what is changing (for example, reduction in scale, alteration to a scope item);
- d. An assessment of the impact, including nil impact, to the Integrated Force, in accordance with the ICD and MVC, and to the capability outcome (interoperability, preparedness);
- e. A description of the financial implications, including updated costing or similar estimates if applicable;
- f. The risk level for the proposed scope change, including how the proposed scope change impacts the overall risk level of the project; and
- g. Any other relevant supporting evidence (for example, an updated workforce model for scope changes with workforce implications or an updated industry engagement plan).

5.94 The change proposal must be submitted to IPMB, which will coordinate consultation with:

- a. Force Options and Planning Branch – to verify that the proposed change is consistent with a project's MVC;
- b. Contestability Division – to review the strategy for the proposed change;
- c. Capability Costing Branch – to review costings;
- d. The project's relevant Domain Program Support Office – to ensure the proposed change is compatible with other capability projects within that domain, to ensure that the change does not have unforeseen interoperability impacts; and
- e. Central Agencies – to ensure the proposed change is consistent with Government direction and policy.

5.95 IPMB is responsible for assessing whether the proposed minor scope change would change the project's complexity level as described in the project's Complexity Assessment.

5.96 Further detail on minor project scope changes is available in the ODCS Cycles & Processes section of the BMS in the [Minor Project Changes Tip Card](#).

BI-ANNUAL REPORTING

5.97 Defence uses the IIP Bi-Annual Update to advise Government on the department's financial performance and portfolio level considerations, including project delivery progress.

5.98 In exceptional circumstances, the Bi-Annual Update is also used to report on specific projects or programs and to seek discrete decisions from Government, such as:

- a. Requests to change provisions for approved IIP projects;
- b. Requests to change the aggregate level of unapproved funding in a given year; or
- c. Release of IIP provision for Medium Capital Works.

5.99 The Bi-Annual Update is considered during the Federal Budget and Mid-Year Economic and Fiscal Outlook (MYEFO). IPMB is responsible for preparing the Bi-Annual Update, supported by the data contained in C1 and information from relevant stakeholders across Defence's Groups and Services.

5.100 The Bi-Annual Update contains:

- a. Progress updates against implementation of the NDS;
- b. Updates on the Defence budget, including detailed commentary on performance of acquisition, sustainment, operating and workforce expenditure against planned outcomes;
- c. Reporting on the findings and analysis of the projects and product performance and key trends since the previous Bi-Annual, including where there are impacts on Defence's Preparedness requirements;
- d. Targeted performance analysis and reporting on recently approved projects, and projects with upcoming milestones, including progress to the next milestone (e.g. Initial Operational Capability (IOC), Capability Target States (CTS), MVC, Final Operational Capability (FOC));
- e. Detailed commentary on approved provision changes within the IIP;
- f. Where Defence has made amendments to unapproved provisions, and proposed changes to approved provisions;
- g. Reporting on projects that have been approved by Ministers, including through correspondence;
- h. Advice on newly-established projects and programs created by the IC through the ICDs;
- i. Advice on any minor scope changes to IIP projects that have been approved by the IC;

- j. Amendments to project approval pathways;
- k. Delivery milestone and other capability requirement changes; and
- l. Reporting on early access funding requests that were approved by IC or by Government.

I&DC AUTHORITIES

5.101 The **below** table outlines the I&DC processes and authorities.

Process	Authority/Manager	Owner
Capability Options Development	Varied	DepSec CASG + DM
Options Refinement	Varied	DepSec CASG + DM
FIC Identification & Optimisation	Varied	DepSec CASG + DM
FIC Development & Coordination	Varied	DepSec CASG + DM
Test & Evaluation	Dir T&E	DepSec CASG + DM
MVC Delivery	Varied	DepSec CASG + DM
Initial Operational Capability (IOC)	Varied	DepSec CASG + DM
Final Operational Capability (FOC)	Varied	DepSec CASG + DM
Capability Realisation	Varied	DepSec CASG + DM
Sustainment	Varied	DepSec CASG + DM
Post-Approval Reporting	Varied	DepSec CASG + DM
Upgrades	Varied	DepSec CASG + DM
Project Closures	Varied	DepSec CASG + DM
Disposal (Project Closures & Mergers)	Varied	DepSec CASG + DM
Divestment	Varied	DepSec CASG + DM

Table 4: I&DC Processes & Authorities

Chapter 6

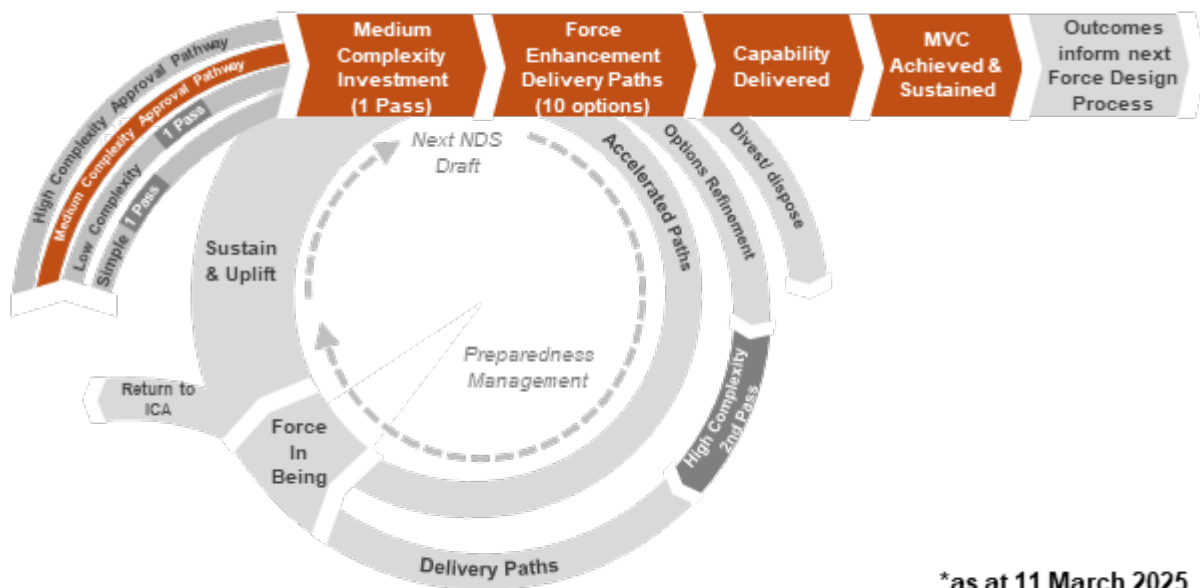
INVESTMENT AND DELIVERY CYCLE: ACQUISITION

OVERVIEW

6.1 The second stage of the Investment and Delivery Cycle (I&DC) is the acquisition of capability. This stage begins with Second Pass Government Approval and involves coordination and integration of all the associated Fundamental Inputs to Capability (FIC).

6.2 Capability Managers (CMs), supported by Delivery Managers (DMs), are accountable for the outcomes of this stage of the I&DC, including coordinating the achievement of program activities that align to the Integrated Capability Directives (ICDs).

6.3 DMs are responsible for planning, managing and executing the delivery of capability acquisition, including the coordination and integration of FIC, as directed by the project's ICD.



Investment & Delivery Cycle (I&DC)

Figure 6.1: Representation of the Investment and Delivery Cycle (I&DC) critical path for the majority of capability projects

FUNDAMENTAL INPUTS TO CAPABILITY (FIC)

6.4 FIC are capability elements or inputs, which in combination, form the basis of capability. Generating capability depends on integrating, coordinating and managing the various FIC needed to deliver the quantities, characteristics and timescales to

generate and sustain the capability, combined in an optimum way to deliver the joint force by design.

6.5 The Vice Chief of the Defence Force (VCDF) determines FIC, and directs CMs through ICDs.

6.6 Coordination and management of FIC occurs at each phase of the One Defence Capability System (ODCS). Programs and projects must integrate, coordinate and manage FIC through the life of the capability. As projects and programs progress through the ODCS, FIC should achieve a greater level of specificity, realise practical solutions and be actively managed.

6.7 While the CM is accountable for capability realisation, the Lead Delivery Group is responsible for coordinating and ensuring the FIC are integrated on behalf of the CM.

6.8 Effective FIC planning and implementation requires the advice and cooperation of the multiple Groups and Services providing FIC. Effective capability realisation requires careful synchronisation and scheduling to achieve coordinated, effective and efficient delivery of capability.

6.9 The Lead Delivery Group is responsible for synchronising FIC plans and schedules from across the organisation to deliver the capability. The Lead Delivery Group is also responsible for reporting to the CM when FIC plans cannot be coordinated effectively. The CM is responsible for achieving a resolution.

6.10 The ten (10) FIC are:

- a. **Organisation** – used to employ the capability within flexible functional groupings with an appropriate balance of competency, structure and command and control to meet the endorsed capability requirements stemming from the original need.
- b. **Command and Management** – used at all levels to safely and effectively employ the capability, including its integration across Defence. Effective command and management depend on the availability of information including intelligence.
- c. **Personnel** – the competent workforce component, including Australian Defence Force (ADF) (permanent and Reserves), Australian Public Service (APS) and contractors, in the delivery, operation, sustainment and disposal of the capability.
- d. **Collective Training** – the defined collective training regime to a validated performance level against the Defence planning requirements and based on the original need.
- e. **Major Systems** – significant platforms, fleets of equipment and operating systems that enable the effective generation of Defence capabilities.

- f. **Facilities and Training Areas** – the infrastructure requirements necessary to support the delivery, sustainment and operation of a capability system, including training areas which may mean any area of land, sea, undersea or airspace that may be designated for military manoeuvres or simulated wartime operations.
- g. **Supplies** – all classes of supply to maintain a capability at the designated readiness state, including sustainment funding and fleet management.
- h. **Support** – engineering support, maintenance support, supply support, training support, packaging handling, storage and transportation, facilities, support and test equipment, personnel and technical data and computer support.
- i. **Industry** – the resilience and capacity of industry, including the reliability and health of supply chains.
- j. **Data** – the data created, gathered, used and reused by a capability, including the capacity to integrate, secure and share data across multiple major systems and capabilities.

6.11 The DM coordinates the FIC for each project through an Integrated Project Management Team (IPMT), comprising of representatives from:

- a. The Domain(s) which the project is delivering for, including Joint Capability Group and Joint Operations Command Headquarters;
- b. The Capability Acquisition and Sustainment Group;
- c. The Strategy, Policy and Industry Group;
- d. Defence Finance Group;
- e. Defence Digital Group;
- f. Defence People Group;
- g. Security and Estate Group; and
- h. Defence Legal Group (where required).

6.12 The IPMT is responsible for developing documentation to support both internal and Central Agency decision-making.

6.13 The documentation required, and level of detail in each document, is proportionate to the project's assigned Approval Pathway and Delivery Path.

6.14 The key acquisition artefacts, as provided in the project's Second Pass Government Approval document suite, are:

- a. The Project Execution Strategy;
- b. The Integrated Project Master Plan (IPMP);

- c. The Product Work Breakdown Structure; and
- d. The Risk Management Plan.

6.15 The full suite of documents are located on the [CASG Business Management System](#).

6.16 The CM and DM are responsible for maintaining the currency and accuracy of project records, including CapabilityOne (C1), Defence's official mandated centrally-held electronic document and records management system for capability data, the [Project Performance Review Information Platform \(PPRIP\)](#), and relevant Delivery Group governance systems used for decision-support and governance oversight, such as project management, risk management, and performance reporting.

6.17 During the delivery stage, the DM also uses the [Defence enterprise performance reporting framework](#) to monitor and report on the performance of a project.

6.18 For projects and products with an ICT system component, it is the system owner's responsibility ([DSPF Control 28.1](#)) to add (or update) the system and all relevant information to the [Defence Information and Communications Technology \(ICT\) Inventory System \(DIIS\)](#).

6.19 The DM is responsible for ensuring engineering support assists with project delivery, enabling risk-based decision-making to generate and sustain capability projects and products. Engineering support during the acquisition of capability helps produce materiel solutions that safely satisfy capability option requirements.

6.20 Further information on engaging with engineering and technical support is located in the Engineering and Requirements Management section of the [CASG Project Management Manual](#), and on the [Engineering and Technical Directorate webpage](#).

NAVIGATING THE CYCLE – DELIVERY PATHS

6.21 During the Force Design and Assurance Cycle (FDAC), Vice Chief of the Defence Force Group (VCDFG), in consultation with CMs and DMs, proposes a procurement delivery path for each capability program and project.

6.22 The nature, scope and characteristics of the individual projects inform the selection of a specific Delivery Path.

6.23 There are ten Delivery Paths:

- a. **Maintain Relative Capability** – used when Defence is entering into an arrangement to both acquire a system or fleet and maintain it relative to an ally or adversary over time;

- b. **Urgent Operational Acquisition** – used for urgent or mission-essential capability needs in support of existing operations;
- c. **Plus-Ups** – used to acquire more of an existing capability;
- d. **Directed Source Acquisition** – used when Government has directed the source of acquisition, there is only one feasible supplier or interoperability requires a specific acquisition;
- e. **Government-to-Government Acquisition** – used for direct commercial sales, foreign military sales and international cooperative programs;
- f. **Sovereign Acquisition** – used when Government has directed the acquisition supports one or more Sovereign Defence Industrial Priority (SDIP);
- g. **Fundamental Acquisition** – used when the required capability:
 - (1) Is not yet built;
 - (2) Must be designed and then built; or
 - (3) Must be designed, built and sustained.
- h. **Innovation Uplift** – used when the Advanced Strategic Capabilities Accelerator (ASCA) or Defence Science and Technology Group (DSTG) need to explore options, with the possibility of research and development conversion and direct upscaling into production;
- i. **Estate Acquisition** – used when Security and Estate Group (SEG) delivers new or refurbished facilities or infrastructure to enable delivery of an approved capability project; and
- j. **Enterprise or Information and Communications Technology Acquisition** – used when the Associate Secretary Group (ASG) or Defence Digital Group (DDG) are delivering enterprise or ICT capability projects, including those under the Digital Transformation Agency investment approval process.

6.24 Government approves the draft Integrated Investment Program (IIP), which reflects the proposed Delivery Paths as determined during the Integrated Capability Assessment (ICA) process. Following Government approval of the IIP, those ICA outcomes inform the content for drafting ICDs.

6.25 VCDF approves the draft ICDs and distributed to CMs and DMs. The ICDs provide direction to CMs and DMs on the capability requirements, Government Approval pathways, delivery paths and, when possible, sustainment methods. ICDs also articulate the strategic workforce requirements to deliver the force design.

6.26 A combination of different Delivery Paths may be used simultaneously, or at different points, during a project's delivery.

6.27 Further details on Delivery Paths is located in the [Defence Procurement Manual](#) and the [Procurement Delivery Models Better Practice Guide](#).

PROGRAM MANAGEMENT IN ACQUISITION

6.28 A program is a group of related projects, products and program activities that are managed in a coordinated way to optimise the capability outcome within allocated resources. The compositions of a program include:

- a. Projects – are an organised endeavour that contributes one or more of the capability options to deliver the MVC as defined by VCDF in the program's ICD. Funding is allocated in the IIP and reported at the project level. Each project has its own entry on C1.
- b. Minors – are acquisitions below \$30 million. Minors are not included in the IIP. They are managed within the discretionary funds of the VCDF, the Associate Secretary (AssocSec), the Chief of Joint Operations, and the CMs.

6.29 The CM appoints a Program Sponsor to coordinate the program's activities and ensure alignment with the ICD. The Program Sponsor liaises with the DM to achieve the required capability on schedule and on budget. An IPMT is responsible for managing the ongoing activities during the delivery phase.

Chapter 7

INVESTMENT AND DELIVERY CYCLE: INTRODUCTION INTO SERVICE, SUSTAINMENT AND DISPOSAL

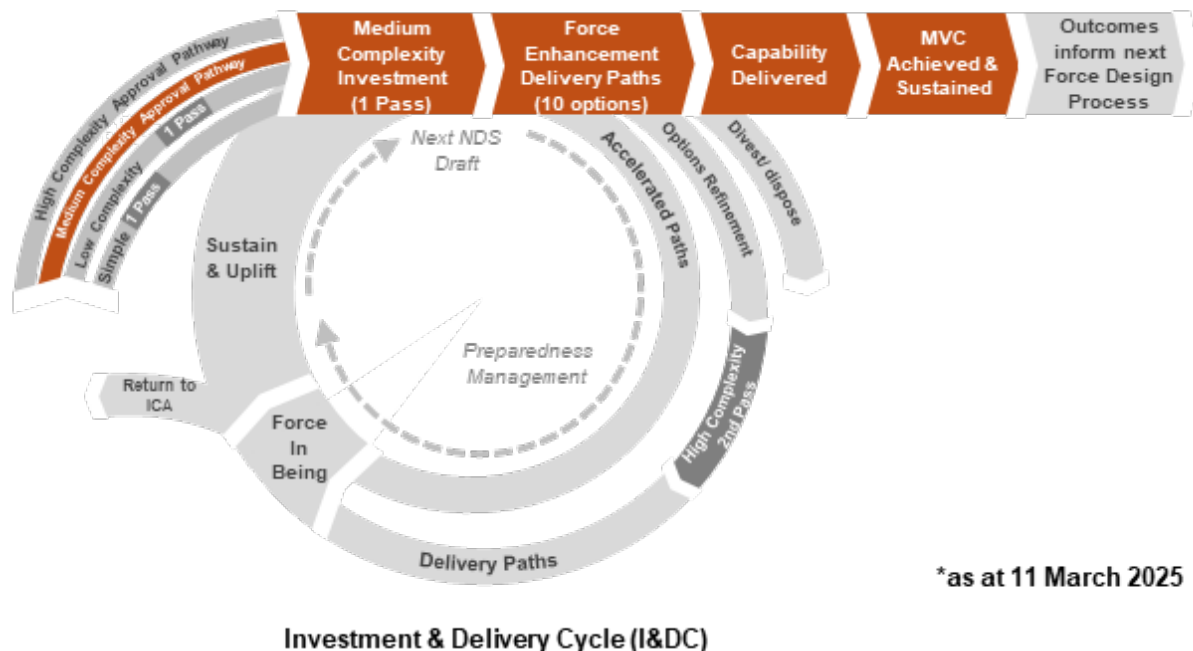


Figure 7.1: Representation of the Investment and Delivery Cycle (I&DC) critical path for the majority of capability projects

7.1 Following the acquisition of a capability, the project progresses towards introducing the capability into service and then sustaining it until it reaches the end of its life of type and disposal takes place. This is the third stage of the Investment and Delivery Cycle (I&DC).

7.2 The Capability Manager (CM) is accountable for maintaining the capability at the required standard and preparedness levels. The Delivery Manager (DM) supports the CM during introduction into service activities and throughout the sustainment phase of the capability.

7.3 The DM is responsible for realising the capability benefits by integrating, accepting and embedding changes delivered by the project.

7.4 The DM must coordinate with:

- a. Fundamental Inputs to Capability (FIC) providers to ensure all FIC requirements are delivered as planned in the Integrated Project Management Plan (IPMP);

- b. The Program Steering Group (PSG) to ensure other activities within the program, including extant projects and products, are unaffected by the introduction of the new capability; and
- c. The CM to manage changes associated with the introduction of a new capability into service, including withdrawal of extant capability if required, and develop options to mitigate negative change impacts.

7.5 The CM determines the capability is consistent with the relevant Integrated Capability Directives (ICDs), doctrine and other requirements, before introducing it into service. The relevant Test and Evaluation (T&E) supervisor will assess whether a capability has been delivered to the required specifications and advise on any risks associated with operational safety and effectiveness.

7.6 The CM documents the acceptance of the capability into service by updating the project's CapabilityOne (C1) entry.

7.7 When a new capability is replacing an existing capability, the CM and DM must follow the disposal process as outlined below.

SUSTAINMENT CHANNELS

7.8 Following acceptance into service, a capability transitions into sustainment and maintained throughout its life of type. Proposed sustainment funding is notionally allocated during the Integrated Capability Assessment (ICA) process of the Force Design and Assurance Cycle (FDAC).

7.9 Sustainment funding is also included in the proposed Integrated Investment Program (IIP) tabled for Government decision and approval.

7.10 Government may approve sustainment funding up to seven years, although funding for a longer sustainment period may be approved by exception.

7.11 Projects may seek further sustainment funding following the completion of each approved funding period. Government approval will be sought for each funding extension.

7.12 All proposals for sustainment funding must be submitted to Investment Portfolio Management Branch (IPMB).

7.13 The relevant Defence portfolio Minister, within the project's Approval Authority, can approve additional funding beyond the initially funding period, if sustainment costs have not increased substantially. For example, where the material cost, after adjustment for inflation, remain the same as previously agreed.

7.14 When sustainment costs substantially increase, the CM must seek a new allocation through the ICA process.

7.15 The ICA process proposes a capability sustainment channel based on the use and life of type of the capability. The proposed IIP reflects the outcomes of the ICA process for Government decision.

7.16 When a capability sustainment channel remains undecided during the ICA process, the CM, in collaboration with the DM, makes a recommendation for consideration by Defence Investment Committee (IC) and subsequent Government decision.

7.17 There are four approaches to providing capability sustainment and ICDs may direct, where appropriate, the use of one or more throughout a capability's life. The four approaches are:

- a. **Biennial** – sustainment allocations are reviewed every two years to ensure the capability continues to be a priority and remains fit-for-purpose.
- b. **Spiral Upgrade** – sustainment funding is allocated to cover regular incremental refreshes and upgrades. This is used when multiple long-term upgrades to take a project from Initial Operational Capability (IOC) to Minimum Viable Capability (MVC) are known. The duration of the allocation is decided by the approval authority, as informed by the anticipated number and duration of the upgrades, up to a maximum of seven years.
- c. **Internationally Aligned** – used for projects that align with Allied or international partner programs of work. The duration of the allocation is decided by the approval authority, as informed by Allied or cooperating international partner program requirements, up to a maximum of seven years.
- d. **Existing Capability Optimisation** – used to upgrade existing projects to a new level of MVC if required. The duration of this allocation is decided by the approval authority, as informed by the expected duration of the upgrade, up to a maximum of seven years.

7.18 If projects realise a Real Cost Increase (RCI) to agreed sustainment arrangements, the CM will need to seek an increase in sustainment funds through a Cabinet submission.

7.19 The CM provides the submission to IPMB, which manages consultation with Central Agencies for advice on the appropriate approval authority.

7.20 IPMB arranges for the Capability Gate Review (CGR) to review the submission. The CM is responsible for progressing the submission to the IC for endorsement to proceed to the Approval Authority for decision.

7.21 The IC may agree that a program manages the RCI within its funding allocation and the submission is no longer required.

7.22 IPMB reports changes in sustainment funding, including activities and expenditure prioritised in the preceding six months, to Government through the IIP Bi-Annual Update.

7.23 Before a project's sustainment allocation expires and if there is no substantial cost increase, the CM can seek a renewed sustainment allocation through a Ministerial Submission (MINSUB).

7.24 The MINSUB is a maximum of six pages and includes:

- a. A one-page summary of the proposal and key reasoning, key risks and sensitivities, implementation considerations and financial implications;
- b. A one-page recommendation seeking the Minister's decision for the proposed renewal of the current Sustainment approach;
- c. A cost model demonstrating the breakdown of costs for the renewed sustainment arrangement;
- d. Rationale for the proposed extension, including how the funding will be used and the proposed duration, and reasoning for the choice of contractor if there has been more than one reasonable bid; and
- e. Statement of overall risks and sensitivities associated with the sustainment arrangement, including the impact on Australian industry capability, and possible mitigation strategies.

7.25 The MINSUB must be consulted with DMs involved in the sustainment. The Capability Costing Branch in Defence Finance Group must review the cost model.

7.26 Following consultation, the MINSUB is submitted to IPMB to arrange CGR and IC submission.

7.27 IPMB will manage consultation with Central Agencies.

7.28 Following IC endorsement, the MINSUB proceed to the relevant Defence portfolio Minister for decision.

7.29 If the CM anticipates a substantial increase in sustainment costs, a new Cabinet submission is required before the current sustainment allocation expires. The original Approval Authority outlines that specific documentation the CM will require.

DEFENCE MINORS PROGRAM

7.30 The Defence Minors Program delivers new, enhanced or innovative capabilities, assets, facilities or information systems through the Service Chiefs and Group Heads discretionary budgets.

7.31 The CM approves requests for individual proposals with a value of up to \$30 million in the Defence Minors Program.

7.32 Existing investments in the Defence Minors Program that exceed, or are likely to exceed, \$30 million must be submitted to Government for consideration to include in the IIP.

7.33 Investments for Government consideration must follow the Establishing New Projects process. Detailed advice on Establishing New Projects is available in the ODCS Cycles & Processes section of the Business Management System (BMS) in the [Establishing New Projects Tip Card](#).

7.34 The IC review the Defence Minors Program annually. The CMs must prepare a written brief detailing:

- a. The quantum of funding that has been allocated within their Minors Program;
- b. Which investments have been funded during the previous 12 months; and
- c. How the funded projects are supporting capability requirements.

DISPOSAL

7.35 The CM is responsible for signing off on capability disposal plans drafted by the DM. The plans are prepared when a capability it is either no longer required or has reached its end-of-use in-service.

7.36 Capability disposal involves withdrawing capability from service and disposing of all products, including associated resources and equipment. Capability Acquisition and Sustainment Group's Disposal Projects and Operations Directorate undertake these services. Detailed information on the function of the directorate is located on the [Disposal Projects and Operations webpage](#).

7.37 Information for disposals of Defence property or land is located on the [Estate Resources Information Kiosk](#) (ERIK) and on the [Estate Disposals webpage](#).

7.38 CMs are also accountable for identifying any impacts on the joint force and reporting the impacts in the Force Interoperability and Dependency Analysis System (FIDAS) module within C1. Additionally, CMs must notifying all relevant stakeholders and ensure that Defence's financial systems accurately record any financial implications caused by capability disposal.

Chapter 8

TERMS AND DEFINITIONS

Accountable. The officer required or expected to justify actions or decisions and to be answerable for the completion of the task or deliverable via the delegation of the work to those responsible.

Approval Authority. An "Authority" refers to the Government-appointed decision-maker and the associated pre-approved timeframe for tabling a matter with the appointed authority for consideration.

These authorities are typically linked to key Government decisions and are essential for advancing submissions for Government consideration.

Authority submissions for Defence capability projects, programs and policy initiatives are managed by Force Design Division through the Defence Forward Work Program.

Government Authorities and Approval Pathways are risk-informed (by Complexity Assessments) and determined by Government through a Ministerial / Cabinet submission.

Approval Pathway. "Pathway" refers to the structured decision-making and approval process a Defence cabinet submission follows to receive a Government decision from the Government-directed decision-maker (authority).

Authority submissions for Defence capability projects, programs and policy initiatives are managed by Force Design Division through the Defence Forward Work Program.

Government Authorities and Approval Pathways are risk-informed (by Complexity Assessments) and determined by Government through a Ministerial / Cabinet submission.

Asset Management. The coordinated activity of an organisation to realise value from assets, where an asset is an item, thing or entity that has potential or actual value to an organisation.

Asymmetric capability: Military capabilities that pit strength against weakness, at times in a non-traditional or unconventional manner, and disrupt a potential adversary's decision calculus. Countering, eliminating or enduring asymmetric advantage imposes disproportionate costs and, in some cases, there may be no effective response.

Asymmetric assessments: Objective, repeatable methodology for discovering, assessing and selecting systems, concepts and structures to deliver asymmetric advantage.

Australian Defence Industry. Businesses with an Australian Business Number and Australian-based industrial capability that are providing, or have the capacity to provide, defence specific or dual-use goods or services, in a supply chain that leads to the Australian Department of Defence or an international defence force.

Australian Industry Capability. Australian industry's ability to directly contribute to the acquisition and sustainment of current and future Defence capability. Note: It is built through the participation of Australian companies in the delivery of Defence projects and creates international supply chain and domestic commercial opportunities.

Availability. A measure of the degree to which a resource is in an operable or committable state. Notes: 1. a resource may refer to (or a combination of) personnel, materiel and/or systems; 2. a resource can be considered as a ratio of the time that the resource is usable to the total time under consideration and is used to facilitate planning; and 3. the percentage of the total available that are in a specific state of readiness in support.

C4ISR Design Authority. Force Integration Division (FID), headed by Head Force Integration (HFI) is the C4ISR Design Authority.

Capability Manager (CM). Senior Defence officers (typically 3-star or SES Band 3) accountable for the development, delivery, introduction into service, sustainment, preparedness, and disposal of capabilities, in accordance directed requirements, legal and policy obligations. CMs' responsibilities include ensuring the sustainability of their capabilities while assigned to the Chief of Joint Operations for the conduct of operations and joint exercises. CMs are appointed by the Secretary of the Department of Defence, and/or the Chief of the Defence Force (CDF).

Capability Program. An organisational construct created to manage capability aligned with strategic priorities and operational effects.

Capability proposal. A proposal to expend funds on a project or program to introduce or enhance a capability or set of capabilities.

Capability realisation. The process of planning and delivering Fundamental Inputs to Capability (FIC) in a way that satisfies the introduction into service requirements of users.

Capability system. A specific combination of the Fundamental Inputs to Capability (FIC), used as the primary management framework for the development and delivery of an endorsed level of operational capability.

Capability. The power to achieve a desired operational effect in a nominated environment within a specified time, and to sustain that effect for a designated

period. Note: In a military context, capability is achieved by developing a force structure appropriately prepared for a range of military operations.

Chief of the Defence Force (CDF). CDF has the primary responsibility for the command the Australian Defence Force (ADF) is also the principle military adviser to the Minister and provides advice on matters that relate to military activity, including military operations. The CDF, with the Secretary of the Department of Defence, have the joint responsibilities and accountabilities in ensuring that the Defence Enterprise delivers to the Australian Government outcomes that meet Defence's mission and purpose of defending Australia and its national interests in order to advance Australia's security and prosperity.

Chiefs of Services Committee. The predominant committee that advises the Chief of Defence Force (CDF) in support of their accountabilities in full command of the Australian Defence Force.

Combined Pass. Where Defence brings forward a proposal seeking single consideration for project approval by Government, rather than in two or more passes. Note: This typically applies to less complex or low risk projects.

Command and Control, Communications and Computers, and Intelligence, Surveillance and Reconnaissance (C4ISR). This consists of doctrine and concepts, connectivity, information systems, sensors and tools required to effectively support Command across the spectrum of Defence operations through the timely attainment of trusted and relevant information.

Concept. Agreed ideas to address a future military problem.

Contestability. A mechanism that supports Defence decision-makers by providing independent review of capability proposals to ensure they are aligned with strategy and resources and can be delivered in accordance with Government direction.

Contractor. A company, firm, organisation or any person, other than a Defence employee, contracted to provide goods and services to Defence.

Control. (1) The authority exercised by a commander over part of the activities of subordinate organisations, or other organisations not normally under their command, which encompasses the responsibility for implementing orders or directives. Note: All or part of this authority may be transferred or delegated. (2). Maintain physical influence over a specified area or group to prevent its use by an adversary. (3). A measure to modify risk. Controls include any policy, process, device, practice or other actions designed to modify risk.

Coordination. Organising the activities of two or more groups so that they work together efficiently and know what the others are doing.

Defence Committee. The pre-eminent committee that supports the Secretary and Chief of the Defence Force (CDF) in meeting their obligations under the Ministerial Directive.

Delivery Group. An organisation responsible to deliver capability to an agreed scope, budget and schedule. Note: The Delivery Group head assigns the Integrated Project/Product Manager and support resources to realise delivery and sustainment of a capability.

Delivery Manager (DM). The Delivery Manager is the person appointed within the delivery or enabler group to conduct program management functions in support of acquisition and sustainment activities.

Doctrine. A command and planning tool that contains fundamental principles, considerations and guidance for military action in support of objectives. Notes: Users of doctrine apply their judgement when applying it to the situation at hand. A doctrine is used in education and training as appropriate.

Domain Lead. A capability manager who is responsible to the Joint Force Authority (i.e. VCDF), and manages prioritisation proposals for capital investment and sustainment decisions and any variations to budgets within that domain agreed as part of the formal Investment Committee budget process.

Domain. Within the operational environment, a medium with discrete characteristics in which, or through which, military activity takes place. Note: Domains are physical (maritime, land, air and space) and non-physical (information, including cyberspace and the electromagnetic spectrum, and human).

Enterprise Business Committee (EBC). A subsidiary committee of the Defence Committee which is responsible for the effective running of the day-to-day operations of Defence. The EBC is chaired by the Associate Secretary (AssocSec).

Final Operational Capability. The capability state relating to the in-service realisation of the final subset of a capability system that can be employed operationally.

First Pass. The first formal consideration of a capability proposal by the Government. This provides the opportunity to consider the business case, including narrowing the range of options under consideration and the further work required before final approval.

Force Design and Assurance cycle. Centre-led review of Defence's capabilities against Government's strategic priorities as articulated in the NDS. The FDAC comprises two primary activities:

- (1) The **Integrated Capability Assessment (ICA)** process assesses Defence's capabilities, identifies gaps and determines capability priorities against affordability as measured by the IIP. Inputs include the Joint Force design, force interoperability, and preparedness and mobilisation requirements. Government approves the outcome of the ICA process through an updated IIP, which then informs capability programs through Integrated Capability Directives (ICD).
- (2) **Integrated Force Assurance (IFA)** activities continue throughout the FDAC to ensure projects and programs are meeting Government's strategic priorities as directed through ICD.

Force Design Division. Force Design Division is to test the force in being, provide preparedness assurance, design and guide the development of an integrated and focused future force, in order to provide the Government of Australia a capable, agile and potent Joint Force. Force Design Division sits with Vice Chief of Defence Force (VCDF) Group.

Force Integration Division. Force Integration Division (FID) operates at the strategic centre of Defence with in Vice Chief of Defence Force (VCDF) Group. It provides essential strategic leadership to ensure Defence is equipped with a joint and interoperable force. Head of Force Integration (HFI) is appointed by the Joint Force Authority (JFA) to ensure delivery of the Defence Integrated Investment Program (IIP) supports the Vice Chief of the Defence Force (VCDF) Executive 'to design the Joint Force in order to defend Australia and its national interest.'

Force-in-Being. The standing prepared force that is available for deliberate or responsive operational activities.

Fundamental Inputs to Capability. A standard checklist designed to report on all of the inputs that enable the effective and ongoing generation of Defence capabilities.

Future Force. The integrated force that Defence intends to have available in future, including capabilities proposed in the Integrated Investment Program (IIP) as well as those under design consideration.

Gates. "Gates" is the informal internal Defence term used to refer to pivotal endorsement or approval decision-points for capability projects or programs, including consideration by key enterprise committees and/or submission to Government for decision. Examples include:

Gate 0. IC's early high-level consideration of a capability investment proposal (business case) to consider a capability need, options development, risk and strategy. The outcome of ICA processes, and subsequent consideration by IC for submission to Government for

investment decision, has replaced Gate 0 for the vast majority of projects.

Gate 0 is strictly by EXCEPTION ONLY as an urgent pathway for capability investment decision regarding unforeseen capability requirement identified requiring urgent prioritisation prior to the next iteration of the ICA. (BY EXCEPTION ONLY; managed through Force Design Division.)

Gate 1. The decision-point in Defence that approves the First Pass submission to Government and selects a specific option or options to present to Government.

Gate 2. The decision-point in Defence that approves the Second Pass submission to Government and recommends a specific capability be acquired.

Health check. The forum to report on significant project issues, including exception reports, key performance indicators and the coordination / resolution of project issues within a program. Note: Enables reallocation of resources as necessary and issues that cannot be resolved are escalated to the appropriate level.

Information Environment Control Board (IECB). The IECB provides advice to HFI on C4ISR capability and the required level of interoperability of ADF and Defence capabilities in order to provide assurance that the ADF is able to operate effectively as a Joint Force in accordance with JFA direction. The primary focus of the IECB is Joint Force technical interoperability.

Initial Operational Capability. The capability state relating to the in-service realisation of the first subset of a capability system that can be employed operationally.

Innovation. For the purposes of capability management, a process by which Defence identifies and creates opportunities to improve capability outcomes or achieve a capability edge, by exploring and developing new concepts, processes techniques or ideas.

Innovation, Science and Technology Committee (ISTC). Informs and oversees Defence's investment in Innovation, Science and Technology (IS&T) and provides scientific and technical expertise regarding Defence's capability priorities.

Integrated Capability Assessment (ICA). The ICA process assesses Defence's capabilities, identifies gaps and determines capability priorities against affordability as measured by the IIP. Inputs include the Joint Force design, force interoperability and preparedness and mobilisation requirements. Government approves the outcome of the ICA process through an updated IIP, which then informs capability programs through Integrated Capability Directives (ICD).

Integrated Capability Directives (ICD). ICDs are a formal Direction issued by the VCDF. An ICD describes the threat baseline, missions and needs for the integrated force, and links to Concept ASPIRE and to Fundamental Inputs to Capabilities (FIC). Through ICDs, VCDF assigns CMs and DMs accountabilities to a project or program, and provides them with formal direction on the required Minimum Viable Capability (MVC), resources, timelines for achieving MVC, approval pathways, delivery paths and proposed sustainment channels, as well as the strategic workforce requirements.

Integrated Force Assurance (IFA). IFA activities continue throughout the FDAC to ensure projects and programs are meeting Government's strategic priorities as directed through ICDs.

Integrated Investment Program (IIP). The Defence Integrated Investment Program (IIP), is the Australian Government's biennial plan detailing the specific defence capabilities directed by Government to give effect to the NDS.

The IIP is issued in combination with the National Defence Strategy (NDS), the Australian Government's biennial strategic update determining the strategic effects required to ensure national security and prepare for future challenges through substantial investment in defence capabilities.

Integrated Product Management Plan. A product level document that describes the activities required to sustain a product.

Integrated Product Manager. The product level management appointment that has responsibility to plan and deliver the industry support necessary to sustain the product.

Integrated Product Team. A team comprised of representatives from all relevant stakeholders and ensures product performance, availability, readiness and preparedness outcomes in accordance with the Product Delivery Agreement.

Integrated Project Management Plan. A project level document that describes the activities required to deliver (and subsequently sustain) the products to be delivered by the project.

Integrated Project Management Team. The organisational entity established within the primary Delivery Group which performs project functions.

Integrated Project Manager. The person who has responsibility to plan and deliver the project, inclusive of all agreed Fundamental Inputs to Capability to the specified scope, schedule and budget.

Integrated, Focused Force. The new Australian Defence Force (ADF) structure comprises integrated, focused force designed to address the Nation's most significant strategic risks and be capable of the impactful projection of military power. This shifts the ADF from a balanced force capable of responding to a range of contingencies.

Interoperability. The ability of systems, units or forces to act together, to provide services to or from, or exchange information with partner systems, units or forces. Note: The three levels of interoperability are integrated, compatible and de-conflicted.

Introduction into Service. The process by which a capability system, comprising the Fundamental Inputs to Capability is proven to meet endorsed capability requirements and assembled so that in all respects the capability has been realised and is accepted into service.

Investment and Delivery Cycle (I&DC). Capability Managers pursue projects and products to meet the integrated force design using pre-determined approval pathways and delivery paths as articulated through ICD. Capabilities are prioritised, delivered into service, and sustained in line with Centre-led prioritisation and required preparedness levels.

Investment Committee (IC). The senior committee, chaired by the VCDF, which exercises strategic control over the investment portfolio, bringing the future joint force and supporting enablers into being in accordance with Government requirements, the Defence Planning Guidance and the Chief of the Defence Force's Preparedness Directive.

Investment Portfolio. The aggregation of expenditure proposals and projects going through the investment approval process, including the Integrated Investment Program.

Joint Force Authority. The authority for strategic-level development and generation of Joint Forces including platform and systems, essential enablers and integrating elements. Note: Vice Chief of the Defence Force is the Joint Force Authority.

Minimum Viable Capability (MVC). A capability (inclusive of FIC) than can successfully achieve the lowest acceptable level of the directed effect in the required time, able to be acquired, introduced into service and sustained effectively.

National Defence Strategy (NDS). Established in response to the 2023 Defence Strategic Review (DSR), the National Defence Strategy (NDS) is the Australian Government's biennial strategic update determining the strategic effects required to ensure national security and prepare for future challenges through substantial investment in defence capabilities.

The NDS is issued in combination with a Defence Integrated Investment Program (IIP), the specific defence capabilities directed by Government to give effect to the NDS.

Objective Force. The Planned Force as set out in the Integrated Investment Program, along with those elements of the Force-in-Being that will remain in service.

One Defence Capability System (ODCS). The One Defence Capability System (ODCS) is the governance system of policies, processes and procedures which Defence utilises to deliver and manage Government-directed capability outcomes that are achievable, affordable and sustainable. The ODCS connects the many capability-related functions and processes across Defence to plan, acquire, deliver, sustain, and dispose of capabilities effectively and efficiently.

Product Delivery Agreement. The agreement between the Project or Product Sponsor (or if not appointed, then the Program Sponsor) and lead Delivery Group which specifies the scope, resourcing, priorities and performance and preparedness requirements for support of a capability system throughout its life, to support performance measurement.

Product Management. The sustainment of Defence capability systems and services including the Fundamental Inputs to Capability, so as to meet prescribed capability performance and preparedness requirements.

Product Sponsor. The primary representative of the Capability Manager and the Program Sponsor liaising directly with the Integrated Product Manager. Once the project transitions into product sustainment, the Product Sponsor inherits accountability. The Product Sponsor is accountable to the Capability Manager and Program Sponsor for product outcomes and preparedness levels in alignment with strategic priorities.

Product. A group of related assets to which coordinated acquisition and sustainment activities are applied. Note: Product lines can be formed along platform, equipment or commodity lines, or in a way that allow the capability manager and delivery group to manage products in a coordinated way to optimise the capability outcome within allocated resources.

Program Delivery Manager. The person appointed within the Delivery or Enabler Group to conduct program management functions in support of acquisition and sustainment activities.

Program Sponsor. The person accountable for ensuring that the outcomes of all program activities are achieved and that these outcomes remain aligned with

Defence strategic objectives. Note: The Program Sponsor is accountable to the Capability Manager for the management of capability.

Project Execution Strategy (PES). The proposed high level strategy for the execution of the project which is used as a component of the business case, summarised in the commercial, financial and management cases. It is the primary output from the Smart Buyer Decision-Making Framework containing a summary of the risk analysis, Tailored Approval Pathway, integrated project management plan, acquisition and sustainment strategy and other delivery group specific plans and analysis.

Project Sponsor. The primary representative of, and accountable to, the capability manager and the program sponsor liaising directly with the integrated project manager for delivery of the project. Note: The project sponsor sets direction for the project and ensures that activities and outputs are consistent with the capability needs and priorities of the capability user.

Project. A finite, multidisciplinary and organised endeavour to realise agreed fundamental inputs to capability deliverables within pre-defined requirements and constraints.

Requirements. These define functions to be performed by the system, performance measures of the system and its functions, and constraints that are imposed on the system. Requirements are defined for all Fundamental Inputs to Capability as necessary.

Responsible. The individual who conducts the activities to achieve a task. There is at least one role with a participation type of responsible, although others can be delegated to assist when required.

Second Pass. A final milestone in the Investment and Delivery cycle at which point Government endorses a specific capability solution and approves funding for the Acquisition and In-Service and Disposal Phases.

Security. The condition achieved when designated information, materiel, personnel, activities and installations are protected against espionage, sabotage, subversion and terrorism, as well as against loss or unauthorised disclosure. Also applies to those measures necessary to achieve this condition and to the organisations responsible for those measures.

Sovereign Defence Industrial Priorities (SDIP). Industrial capabilities Defence requires in Australia. Defence may need to intervene to ensure they are done in Australia rather than being sourced from an overseas supply chain.

Strategic Policy Committee (SPC). The Defence Strategic Policy Committee informs and guides decision-making processes within Defence and across government on key strategic policy issues and trends, as well as to facilitate consideration of emerging issues with strategic implications.

Strategy, Concepts and Planning Cycle (SCPC). Connects Government's assessment of strategic risks and priorities, and articulates these in a two-yearly NDS, which informs Defence's joint concepts and mission designs.

Test and Evaluation. A process to obtain information to support the objective assessment of a capability system with known confidence and to confirm whether or not a risk is contained within acceptable boundaries across all facets of a system's life cycle.

Total Cost of Ownership. The total cost uniquely attributable to a capability system/system of systems over its entire life cycle. The Total Cost of Ownership is important in comparing capability options – a capability that is inexpensive to acquire may be expensive to sustain or vice versa.

Value for Money. The principle applied to determine the most acceptable offer for awarding contracts for goods and/or services, based on an assessment of both price and other qualifying factors. VfM is also a legal obligation articulated in The Public Governance, Performance and Accountability Act 2013 (sect 15), requiring the proper use of public resources, which it defines as 'efficient, effective, economical and ethical'. The Commonwealth Procurement Rules (CPRs) identify achieving VfM as the core rule.

Workforce Estimate / Capability Workforce Realisation Plan. A plan developed by the project/program prior to gates 1 and 2; detailing the workforce requirements, availability, and associated training required to develop, acquire, introduce into service, operate, sustain and dispose of a capability. The plan also describes workforce risks relevant to the capability and proposed mitigation strategies.

ACRONYMS AND ABBREVIATIONS

Item	Description
ADDP	Australian Defence Doctrine Publication
ADF	Australian Defence Force
ADFP	Australian Defence Force Publication
ASA	Australia Submarine Agency
ASCA	Advanced Strategic Capabilities Accelerator
ASD	Australian Signals Directorate
AssocSec	Associate Secretary
BPORs	Budget Process Operational Rules
C4ISR	Command and Control, Communications and Computers, and Intelligence, Surveillance and Reconnaissance
CASG	Capability Acquisition and Sustainment Group
CDF	Chief of the Defence Force
CDI	Chief of Defence Intelligence
CDS	Chief Defence Scientist
CGR	Capability Gate Review
CJC	Chief of Joint Capabilities
CM	Capability Manager
COSC	Chiefs of Service Committee
CP30	Capability Portfolio, Program and Project Office
CTO	Chief Technology Officer
DCISC	Defence Communications and Information Systems Committee
DDG	Defence Digital Group
DepSec	Deputy Secretary
DFG	Defence Finance Group
DIG	Defence Intelligence Group
DM	Delivery Manager
DPG	Defence People Group
DSPF	Defence Security Principles Framework
DSTG	Defence Science and Technology Group
EBC	Enterprise Business Committee
ERP	Enterprise Resource Planning
FDAC	Force Design and Assurance Cycle

Item	Description
FDD	Force Design Division
FIC	Fundamental Inputs to Capability
FID	Force Integration Division
FOC	Final Operational Capability
GWEO	Guided Weapons and Explosive Ordnance
HFD	Head Force Design
HFI	Head Force Integration
IAR	Independent Assurance Reviews
IC	Investment Committee
ICA	Integrated Capability Assessment
ICD	Integrated Capability Directives
ICT	Information and Communications Technology
IDC	Investment and Delivery Cycle
IFA	Integrated Force Assurance
IFR	Integrated Force Requirements
IIP	Integrated Investment Program
IOC	Initial Operational Capability
IPMB	Investment Portfolio Management Branch
IS&T	Innovation, Science & Technology
JOC	Joint Operations Command
MVC	Minimum Viable Capability
NDS	National Defence Strategy
NSC	National Security Committee of Cabinet
NSIC	National Security Investment Committee
NSIS	National Security Investment Subcommittee
ODCS	One Defence Capability System
PWC	Public Works Committee; Parliamentary Standing Committee on Public Works
RCI	Real Cost Increase
SAPOC	Special Access Program Oversight Committee
SCNS	Secretaries Committee on National Security
SCPC	Strategy, Concepts and Planning Cycle
SDIP	Sovereign Defence Industrial Priorities

Item	Description
SEG	Security and Estate Group
SP&I	Strategy, Policy and Industry Group
SPC	Strategic Policy Committee
T&E	Test and Evaluation
VCDF	Vice Chief of the Defence Force