



**Australian Government
Department of Defence**

**REPORT OF THE
AUSTRALIAN DEFENCE FORCE
CLOTHING REVIEW
MAY 2006**

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The Review Team wishes to express its appreciation to those people who assisted us in our deliberations. We hope that the results of these efforts will reshape how clothing is delivered to the Australian Defence Force.

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Terms of Reference

The Review Team is to investigate and report to the Minister on problems associated with the procurement of ADF clothing and personal equipment and suggested solutions. In considering this matter, the Team is to review:

1. The process for approving requirements, including budget, schedule and functional outcomes, for new clothing and personal equipment.
2. The nature and scope of any systemic problems in Defence's management of the procurement of clothing and personal equipment.
3. The effectiveness of the changes which have been undertaken during the last two years to processes, structure and delegations in the procurement of clothing and equipment within LSD.
4. The effectiveness of the governance arrangements in place to ensure that the procurement of clothing and personal equipment is conducted in accordance with Departmental Policy for financial management and probity.
5. The levels of training, experience and competency of the staff exercising delegations in the procurement of clothing and personal equipment.
6. The adequacy of the current Defence utilisation of specialist organisational (eg Universities, DSTO, CSIRO) and industry support in the specification and testing of clothing and personal equipment.
7. The efficacy of the RODUM system for the management of feedback from personnel on their issued clothing and personal equipment.
8. The nature and scope of any systemic problems in the relationship between Defence and the clothing and personal equipment supply industry which may be impacting on Defence's reputation.

The scope does not include privatisation of the clothing procurement function (as preferred by some companies following their commercial interests) but rather how Defence can do it better.

The Terms of Reference do not cover questions on the technical adequacy of the specifications for combat conditions (which may be classified).

The Review Team should provide a report to the Minister, by 26 May 2006, which provides an assessment of the matters raised above and recommendations for improvements in structure, process or governance arrangements for the procurement by DMO of ADF clothing and personal equipment.

Executive Summary

There has been much media reporting in recent times addressing perceived problems with the procurement of clothing and personal equipment for the Australian Defence Force. These reports stem from complaints from companies in the industry, incidents of Defence personnel reporting deficiencies in the equipment which has been supplied, and internal Defence audits which identified faulty processes.

The Review Team was tasked with investigating and reporting to the Minister on problems associated with the procurement of ADF clothing and personal equipment and suggested solutions.

The Review Team met with a range of representatives from Headquarters ADF, Army, Navy, Air Force, Defence Materiel Organisation - Land Systems Division, Defence Science and Technology Organisation and various representatives from industry including the Council of Textile and Fashion.

Personal clothing includes combat, non-combat clothing and personal protective clothing. The responsibility for the procurement of combat and non-combat clothing and personal protective clothing rests with the Clothing Group within Soldier Support Systems Program Office. The Systems Program Office resides within the Land Combat Systems Branch of Land Systems Division, a division of the Defence Materiel Organisation.

As the Lead Capability Manager for Navy and Air Force, a formal relationship exists between Army Headquarters and the Soldier Support SPO concerning the process for the provision of combat and non-combat clothing for the three Services. During the Review the Army commented that they receive an excellent service from the Clothing Group.

Army generates requests for the procurement of new and replacement clothing and is required to provide a statement of user requirements, which the DMO develops into technical specifications. However, the Review Team concludes that Army could do more to meet these requirements. This results in workarounds by the Clothing Group when developing technical specifications. These practices compromise the Clothing Group and Army when clothing without a matching user requirement is purchased and issued to ADF Personnel.

The governance of the business practices between Army and Land Systems Division for the procurement of clothing needs to be improved. Areas requiring attention include the management of the interfaces between Army Headquarters and the Clothing Group; higher level management of the overall clothing business processes; management of Rapid Acquisitions; relationships with industry; budget management and its consequences to Defence; and issues that are likely to concern the Minister.

The Clothing Group has a demanding customer in the Army, and with a desire to satisfy the needs of its customers has failed to consistently follow published procedures. These habits have become endemic. High levels of anxiety are being experienced by many members of the Clothing Group resulting from high work loads and their desire to meet the demands to provide support to personnel in the field.

The Clothing Group has been allowed to become a lower priority within the Land Systems Division with management and leadership being focussed on higher value, more complex and high profile projects. Consequently, the Clothing Group has been left to develop its own cultural attitudes and to follow practices that evolved over years in response to increasing work loads. These practices do not always reflect Departmental Policy.

The Clothing Group has not been a focus for the senior leadership until earlier this year, resulting in a corresponding lack of awareness concerning its activities. Consequently, little action had been taken to resolve the issues that have led to the current state of its disrepair.

Senior Management is required to provide higher level management and direction, leadership and overview of work practices for the Systems Project Office.

The position of Head of the Clothing Group has been vacant for over three months. The Clothing Group is short 14 members for its 56 staff positions, a situation that is anticipated to worsen, making it extremely difficult for the organisation to function effectively. The time taken by normal recruitment processes will result in a further degradation of staffing levels.

The culture, levels of staff competence and morale of the work force all need to be improved. These deficiencies have resulted in an ad hoc approach to decision making, inconsistent messages to industry, and a lack of confidence in the Clothing Group. The outcome has been reluctance by the Clothing Group to openly engage with members of industry with the consequent effect of poor communication between Defence and industry. To make these improvements, the support of remedial teams with appropriate expertise is recommended.

Procurement work conducted by the Clothing Group is manual and paper based. Consequently, there is little accurate information readily available to support the procurement activity. The implementation of appropriate management information systems is recommended.

Over the past five years the Inspector-General has conducted a number of reviews of clothing and personal equipment related procurement activity in the Soldier Support SPO and its predecessor organisation, the Joint Materiel Agency. While the large majority of companies did not believe that the Clothing Group was acting improperly, the strength of negative comment from some industry representatives is such that their allegations, and the wider circumstances surrounding these activities, needs to be investigated further.

High levels of dissatisfaction were expressed by most suppliers regarding the performance of the Clothing Group, and its unwillingness or inability to engage in constructive discussion with Industry. However, Industry representatives expressed a general satisfaction with the competitive tendering process and noted that it provided a fair and equitable process for tenderers and Defence.

The Clothing Group needs to increase the use of expert research and development capabilities in the specification, design and testing of clothing earlier in the procurement process. These capabilities reside primarily in DSTO.

No formal strategic relationship exists between DSTO and the Clothing Group. Given the skills that are available within DSTO in the development of clothing specifications, this lack of regular contact is surprising. DSTO is not normally involved in the development of clothing specifications, but more often are engaged to assist in the solution of issues.

The recommendations referenced in this report are focussed on overcoming the deficiencies existing in the Clothing Group. Implementing the recommendations will make it a better place to work, a more efficient organisation with modern systems and process and improve relationships and its standing within Land Systems Division and the clothing industry.

If these recommendations are not actioned without delay the problems within the Clothing Group will worsen and it is highly likely that the Clothing Group will be unable to continue to meet the demands of its customers.

Recommendations

1. The recommendations result from the Review Team's investigations into and deliberations concerning the organisation and performance of the ADF Clothing Group. The details supporting the recommendations are in the body of the Report.
2. The Review Team recommends that:

Leadership and Organisation

- Land Systems Division fill the position of Head of the Clothing Group within Soldier Support SPO as a matter of priority with a leader who has appropriate business experience, and excellent management and interpersonal skills. (*Recommendation 2 – see paragraph 2.2.6*).
- DMO elevate organisationally the Clothing Group to a SPO. (*Recommendation 3 – see paragraph 2.3.9*).
- Land Systems Division review in detail the size and shape of the Clothing group, the rank and skill levels of the staff within the organisation and determine which specific resources are required for the Clothing Group to improve its performance and implement the additional business activities identified by the Review Team. (*Recommendation 4 – see paragraph 2.3.12*).
- Land Systems Division fill the 14 vacant positions within the Clothing Group as a matter of priority. The resources necessary to implement this recommendation may not be available within the current structure of Land Systems Division. (*Recommendation 5 – see paragraph 2.3.12*).
- Land Systems Division form three teams to develop a more business like culture, provide training to the Group's personnel and to review and update existing contractual agreements within the Clothing Group and to address the backlog of work. The Teams are to work in parallel with the Head of the Clothing Group to enable the organisation to conduct its routine activities while they address the legacy issues. (*Recommendation 12 – see paragraph 2.10.3*).
- Land Systems Division recruits a textile engineer into the Land Engineering Agency and collocate this person within the Clothing Group. (*Recommendation 8 – see paragraph 2.5.1*).
- Land Systems Division continues to permanently collocate Land Engineering Agency and Contracting Staff within the Clothing Group to improve the performance of the Group and increase the robustness of its activities. (*Recommendation 7 – see paragraph 2.4.1*).
- DMO assign members of the Graduate Administrative Scheme to the Clothing Group on a routine and continuing basis. (*Recommendation 6 – see paragraph 2.3.13*).

Governance and Probity

- Army, as the Lead Capability Manager, and Land Systems Division establish a 'Clothing Governance Executive Group' to address governance issues and the high-level management of the clothing procurement process. Membership of the Clothing Governance Executive should comprise the Deputy Chief of Army and Head Land Systems Division, and include representatives from Army, Land Systems Division and DSTO, and when appropriate, an industry representative. (*Recommendation 13 – see paragraph 3.1.3*).
- Army and DMO formally review extant policy relating to the purchase of clothing to assess its relevance and accessibility. The presentation of the relevant policy and its accessibility clearly needs to be improved. Subsequently, people who manage or are engaged in the procurement process need to be educated on the policy, its application and the need for compliance with the policy. (*Recommendation 14 – see paragraph 4.3.4*).
- Inspector General formally investigates the statements made by a company that accused the Clothing Group of acting either illegally or deliberately not in accord with Departmental Policy. (*Recommendation 11 – see paragraph 2.8.4*).

Business Processes

- DMO implement the Kinnaird process across the Solider Support SPO and the Clothing Group as a matter of urgency. (*Recommendation 1 – see paragraph 2.2.1*).
- Army as the Lead Capability Manager for clothing provide user requirements to the Clothing Group as soon as possible after placing a Rapid Acquisition demand; although the Review Team acknowledges that this could occur after the demand has been placed and met. This follow-up action ensures that technical specifications are developed for clothing, which should enhance the quality of clothing purchased for subsequent operational rotations. (*Recommendation 18 – see paragraph 5.4.2*).
- DMO review the Defence Procurement Manual and provide a user friendly edition. (*Recommendation 9 – see paragraph 2.6.1*).
- DMO and Army review the method for allocating budget to the Clothing Group so that the budget facilitates better and more appropriate procurement priorities and reflects the historical expenditure levels. This issue is to be monitored by the Clothing Governance Executive. (*Recommendation 10 – see paragraph 2.7.4*).
- Land Systems Division provide the ADF Clothing Group with appropriate management information systems as a matter of priority. In the first instance, this may require systems such as simple databases to manage relatively static data, such as user requirements, technical specifications and standing offers. Subsequently, a workflow management system needs to be implemented. The information management systems also need to be able to accommodate the requirements of Rapid Acquisition Guidelines. (*Recommendation 17 – see paragraph 5.3.2*).

- Land Systems Division amend the RODUM system so that indications of an emerging problem or a problem of particular importance can only be closed by a senior officer who is independent of the design of technical specifications. (*Recommendation 19 – see paragraph 5.5.7*).
- Deputy Chief of Army and Head Land Systems Division design and implement a process to ensure that responses to RODUMs reach the soldiers who submitted them. These responses need to be made by an officer of an appropriate rank. (*Recommendation 20 – see paragraph 5.5.7*).
- Land Systems Division amend the RODUM system to ensure that relevant information from RODUMS result in an improvement or update of a deficient specification. (*Recommendation 21 – see paragraph 5.5.7*).
- Deputy Chief of Army and Head Land Systems Division commission an independent review of the boot and its fitment, including independent expert podiatry advice. (*Recommendation 22 – see paragraph 5.6.3*).

Industry and Commerce

- The Remedial Team review the existing contract templates to ensure that they are internally consistent, commercially viable and legally enforceable. (*Recommendation 26 – see paragraph 6.4.2*).
- The Clothing Group establish a system whereby designated companies who deal with Defence, or have expressed a desire to deal with Defence, are certified as holding appropriate qualifications as suppliers to Defence. These qualifications include:
 - Having the necessary quality certifications such as ISO 9000/1
 - Being bone-fide operating businesses
 - Having the capability to deliver, both in terms of the volumes and responsiveness required
 - Meeting the legal requirements and community expectations for workplace standards, not only for themselves but for their subcontractors
 - Having ethical standards accepted by Defence. (*Recommendation 23 – see paragraph 6.3.1*).
- The Clothing Group institute a regular series of Industry Forums to provide information on developments in Clothing and to solicit feedback from industry. (*Recommendation 24 – see paragraph 6.3.2*).
- The Clothing Group forecast demand for key/staple products and communicates these indicative forecasts to industry, particularly for products for which Standing Offers exist. These forecasts should be made available to industry participants at Industry Forums and to suppliers with Standing Offers for the products. (*Recommendation 27 – see paragraph 6.4.4*).

- The Clothing Group continue to use competitive tender, utilizing sole sourcing arrangements in situations only when competition is limited. In entering into sole-source agreements the Clothing Group needs to ensure that negotiations are conducted by at least two independent officers at all times and the contract:
 - Is 'open book', whereby the supplier's profitability for the contract is disclosed and auditable during and after the supply activity.
 - Is specifically authorized by the Branch Head.
 - Is recorded in a sole source data base accessible to Land Systems Division management and Management Audit Branch. (*Recommendation 25 – see paragraph 6.3.2*).

- Defence ensure that it controls the intellectual property rights of research and development activities it conducts or funds and is not unnecessarily tied to a specific company which may control jointly developed intellectual property. (*Recommendation 28 – see paragraph 6.5.3*).

- The Governance Executive conduct a review of the intellectual property rights status of clothing and personal protection equipment it procures and establish control using data base information. When technical specifications are developed or contracts are renewed the Governance Executive needs to determine whether it should obtain or retain the intellectual property rights for the relevant item. (*Recommendation 29 – see paragraph 6.5.3*).

Defence Science and Technology Organisation

- Soldier Support SPO, DSTO (Human Protection and Performance Section) and Army establish formal agreements to address issues of new and emerging requirements for clothing for the ADF. (*Recommendation 15 – see paragraph 4.4.4*).

- The Clothing Group confers with DSTO on the subject of management of intellectual property rights for clothing and personal protective equipment issues. (*Recommendation 16 – see paragraph 4.4.7*).

Chapter 1 – Acquisition and Supply of ADF Combat and Non-Combat Clothing

1.0 This chapter defines clothing and outlines the procurement and management processes and responsibilities that are presently required to provide clothing to the Australian Defence Force.

1.1 Combat and Non-Combat Clothing

1.1.1 Personal clothing includes combat, non-combat clothing and personal protective clothing. Combat clothing comprises items such as Disruptive Pattern Combat Uniforms (DPCU), boots, flying clothing and combat coveralls, while non-combat clothing includes ceremonial uniforms, working dress and items used in non-operational roles. Personal protective clothing includes fire fighting clothing, general head wear and sporting attire. As a rule, the replacement of non-combat clothing and personal protective clothing constitutes sustainment activity. Combat clothing is either a sustainment activity or requires the procurement of new items, often involving a development process. For ease of reference, personal protective clothing has been included with either combat or non-combat clothing.

1.2 The Demand Process

1.2.1 The requirement for personal clothing is generated by each of the Services on the recommendation of a Service Clothing Panel and is authorized by the relevant Service Chief. Army has been identified as the Lead Capability Manager for the three Services, and is responsible for the liaison with Land Systems Division (ADF Clothing Group) on behalf of Navy and Air Force. Accordingly, Army Headquarters generates requests to Land Systems Division for the procurement of new and replacement combat and non-combat clothing.

1.2.2 Formal arrangements exist between Air Force and Army concerning the management of this demand and procurement process; however, there appears to be no similar arrangements currently in place between Navy and Army.

1.2.3 The requirement for supply of particular items of clothing and personal equipment is initiated by Army Headquarters. While the Chief of Army is responsible for the suitability of clothing provided to soldiers, the Deputy Chief of Army, supported by Director-General Preparedness-Army and Director Logistics-Army provides the staff functions for the demand of clothing concerning the correct definition of requirements and the provision of a statement of user requirements before placement of a demand for procurement with the Soldier Support Systems Program Office. Army has the role of the Lead Capability Manager for combat and non-combat clothing for the Navy and Air Force.

1.2.4 Upon receipt of a demand from Army Headquarters, the DMO responsibility is to develop appropriate technical specifications and, if not already established, develop contractual arrangements for the manufacture and supply of the requested items of clothing.

1.2.5 Thus, in the context of “user” and “supporter”, a formal relationship exists between Army Headquarters and the Soldier Support SPO concerning the process used for the provision of combat and non-combat clothing for the three Services. However, the Review Team did not believe that within the relationship there was an adequate consideration of the governance and executive oversight of the business functions required to support the clothing procurement processes.

1.2.6 Priorities for the issue of new equipment are specified by the Services and are based on the preparedness requirements of Units and their operational needs. Units on operations or about to deploy are the first to receive the latest equipment. Lower priority Units receive new equipment as it becomes available. Consequently, not all Units within the Defence Force are equipped to the same standard at any one time. This produces perceptions of preferential treatment for some groups and can be a source of dissatisfaction, even though the clothing on issue to these personnel meets Defence requirements.

1.3 Clothing Group

1.3.1 The responsibility for the procurement of combat and non-combat clothing rests with the Clothing Group within Soldier Support Systems Program Office (SSSPO). The SPO resides within the Land Combat Systems Branch of Land Systems Division, a division of the Defence Materiel Organisation. The span of responsibility for the Division includes the management of projects for the acquisition of major capital equipment, minor projects and the management of sustainment activities. The Defence Materiel Organisation has been required to implement the recommendations of the 2003 Defence Procurement Review, chaired by Mr Kinnaird, which focussed on the acquisition processes for major capital equipment. However, as the Clothing Group resides well below this level, the senior leadership did not focus on the Group until earlier this year.

1.3.2 The conduct of routine management and ongoing policy considerations made on behalf of the primary user (Chief of Army) and the Clothing Group are exercised by the Army Capability Personal Equipment Committee (ACPEC). The Committee is chaired at the Colonel (E) level and meets on a quarterly basis. The ADF Working Group was formed in July 2005 and is chaired at the Brigadier (E) level, to provide policy advice and guidance on clothing issues; however, this committee has met only once since then.

1.3.3 Routine acquisition requests for combat or non-combat clothing are made by Director-General Preparedness and Planning – Army directly to the head of the Clothing Group. In the event that acquisition of clothing is required to support operations in shorter than routine time frames, a Rapid Acquisition process may be employed when requested by Chief of Army and approved by the Minister for Defence.

1.4 User Requirements and Technical Specifications

1.4.1 A statement of the user requirements is developed into a specification for the clothing item to ensure it meets the user's needs. The Land Engineering Agency is responsible for the development of technical specifications, or the review of existing technical specifications, for clothing before the Clothing Group either releases a tender or negotiates a contract with a prospective supplier. To assist the members of the Clothing Group, Technical Officers from the Directorate-General Land Engineering Agency within Land Systems Division are collocated with the Clothing Group.

1.4.2 The requirement for robust and well defined user requirements is essential. The technical specifications for clothing are developed from the user requirements and in turn are used by industry to manufacture the fabric and garment. The Review Team could find no evidence of a disciplined approach by Army concerning the provision of user requirements, which is considered a fundamental break down of the procurement process.

1.5 Interface with Industry

1.5.1 The interface between Defence and companies within the clothing industry falls primarily to the Clothing Group. The Clothing Group is therefore responsible for the management of relationships with the clothing industry, existing contracts and standing offers, and renewing contractual arrangements with the relevant parts of the industry. These activities require an understanding of Defence matters including user requirements, technical specifications and textile performance, and commercial matters including tender processes, contracts and relationship management with suppliers. To assist the Clothing Group contract specialists from the Director Contracting (Land Systems) Directorate are collocated with the Group.

1.5.2 The business of procuring clothing and personal equipment is characterised by a large number of contracts with suppliers who vary from small businesses to medium sized enterprises employing around 200 staff.

1.5.3 The procurement of items of clothing is managed by either individual contract or standing offer. Delivery of clothing is from the supplier to a Defence warehouse and then to a clothing store at a Defence Establishment, where it is distributed to individual soldiers, sailors or airmen.

1.6 Comments by Individuals

1.6.1 Individual users of these items of clothing have access to the Report on Defective or Unsatisfactory Materiel-Land (RODUM System) for combat clothing in the event of dissatisfaction. Expression of dissatisfaction with clothing is generally actioned initially within each Service before forwarding to Army.

Chapter 2 – ADF Clothing Group

2.1 Background

2.1.1 The ADF Clothing Group has been subject to a number of organisational changes that culminated in May 2004 with the transfer of the Joint Materiel Agency from Joint Logistics Command to Land Systems Division. The Joint Materiel Agency was absorbed as two System Program Offices (SPO) within the Land Combat Systems Branch of Land Systems Division. The Clothing Group was placed within Soldier Support SPO, while other elements including medical and dental, general stores and catering were placed within General Support SPO.

2.1.2 The Clothing Group is characterised by a high volume of transactions and a plethora of individual contracts that require significant resources and attract a significant management overhead. Activities largely deal with non-technical matters; however, there are purchases of some quite highly specialised technical items of combat clothing.

2.1.3 The Clothing Group comprises Fleet Groupings of combat and non-combat clothing and is staffed by 56 personnel. The organisation of Land Systems Division and the relationship with the Clothing Group is shown at Attachments 1, 2, 3 and 4. The Clothing Group handles an inventory of approximately 100,000 line items and is budgeted for \$45 million per annum, although it has a normal annual spend of \$60 million. Due to current operational activity levels, the expenditure for this financial year will be in the order of \$90 million for the Clothing Group.

2.1.4 Within the Clothing Group, the Combat Clothing Section manages an inventory comprising approximately 34,000 line items with an expected spend of \$62 million in this financial year. The Group purchases new and replacement combat clothing and equipment in accordance with Defence requirements and technical specifications. Non-combat clothing comprises approximately 69,000 line items and is expected to spend \$29 million in this financial year.

2.1.5 In conjunction with the Defence Science and Technology Organisation (DSTO) and Australian Industry, the Clothing Group oversees the development of new clothing and equipment to meet the emerging needs of Defence personnel.

2.2 Leadership

2.2.1 The Clothing Group has been allowed to become a lower priority within Land Systems Division with management and leadership being focussed on higher value, more complex and high profile projects. The Kinnaird Processes now being applied to major acquisitions have not been applied to those parts of the DMO at the Clothing Group level. Consequently, the Group has developed its own cultural attitudes and follows various practices that have been developed over years in response to increasing work loads and need to be completely overhauled. These practices do not always reflect Departmental Policy.

Recommendation 1

DMO implement the Kinnaird process across the Soldier Support SPO and the Clothing Group as a matter of urgency.

2.2.2 The Review Team noted that the Senior Management of Land System Division has not provided adequate leadership and direction to the Clothing Group. Further, there has not been an adequate awareness of the clothing procurement process by the leadership. Therefore, they have not resolved the issues adversely affecting the Clothing Group, leading to its current state of disrepair.

2.2.3 Direction and leadership in support of the Soldier Support SPO and the Clothing Group by senior management is vital. Senior management is required to provide higher-level direction, leadership and oversight of work practices and has a responsibility for the outcomes of the SPO.

2.2.4 The position of Head of the Clothing Group is vacant, and has been for over three months. It is a critical position providing leadership and close supervision for the Clothing Group and needs to be filled as a matter of priority if the morale of the people is to be improved, an appropriate and healthy culture is to be developed and correct business practices are to be re-established. These changes are critical if the Clothing Group is to reassert its position within the organisation and to regain credibility with the industry.

2.2.5 The of Head of the Clothing Group position needs to be filled with a leader who has appropriate business experience, particularly in procurement processes. The Review Team believes that it is more important to appoint a leader with excellent management and interpersonal skills to redress the current situation of low levels of personal satisfaction and poor morale in the Clothing Group. This would be the first step in the development of a strong and healthy culture within the Clothing Group. This advice has been passed to Head Land Systems Division and the CEO DMO.

2.2.6 Currently, the Head of the Soldier Support SPO is providing close supervision of the Group, in the absence of a Head for the Clothing Group. Since the departure of the Head of the Clothing Group, the Head of the SPO has provided stability for the Clothing Group which has enabled it to continue to conduct its day to day business. Of concern is the deflection of the Head of the SPO from his wider responsibilities and his heavy workload. Consequently, it is crucial that the Head of the Clothing Group position be filled as soon as possible.

Recommendation 2

Land Systems Division fill the position of Head of the Clothing Group within Soldier Support SPO as a matter of priority with a leader who has appropriate business experience, and excellent management and interpersonal skills.

2.3 People and Resources

2.3.1 The clothing procurement process, especially for combat clothing, has become more complicated and continues to become increasingly demanding. Moreover, the technical requirements for combat clothing continue to become more complex and therefore technical specifications, development work and testing of equipment are becoming more important. It is essential that these activities are informed by well articulated user requirements. The Review Team understands that a majority of the line items that deal with combat clothing do not have valid user requirements registered against them – a most unsatisfactory situation that significantly increases workloads within the Clothing Group.

2.3.2 The Review Team noted that of the 56 positions in the Clothing Group, there are currently 14 positions vacant, with an additional four people having expressed a desire to leave the Group. The shortage of personnel in the Group combined with the urgency to satisfy the demands for clothing, along with instances of a lack of awareness of contractual procedures have resulted in some people in the Clothing Group cutting corners and transactions being conducted without the necessary documentation, such as technical specifications. These practices compromise the Clothing Group and Army when clothing without a matching user requirement is purchased.

2.3.3 Given the current vacancy state, the Clothing Group cannot effectively meet its day to day responsibilities. Staff losses are a result of increasing pressures on the organisation caused by continuing staff shortages, the focus of the current review and the associated stress that the additional work loads are generating.

2.3.4 The Review Team is concerned that unless the increasing number of vacancies are filled in the immediate future the Clothing Group will be unable to meet the demands of its customer.

2.3.5 The Clothing Group will be unable to continue to do its day to day work, improve on performance or implement many of the Review Team's recommendations unless these staff members are urgently replaced.

2.3.6 The Review Team was concerned that the normal staff recruitment processes are too lengthy and that the Clothing Group staffing situation will continue to degenerate. Consequently, the Review Team believes that there is a need to expedite the external civilian recruitment process. In the short term, temporary transfer of personnel experienced in the clothing acquisition and management processes from other locations, including Army establishments such as Bandiana may assist the Group.

2.3.7 Rapid Acquisition of clothing and equipment to meet urgent operational requirements can cause peaks in workload which need to be managed alongside the routine activities of the Clothing Group. However, the Rapid Acquisition process will continue to be necessary as it supports operational requirements.

2.3.8 Current vacancies aside, the Review Team does not believe that the established size and shape of the organisation, rank and skill requirements for the positions in the Clothing Group are appropriate to the current tasking levels as well the increased work content and loadings that will inevitably arise as a result of this review.

2.3.9 The Review Team was concerned about the extent of existing challenges facing the Clothing Group and the critical nature of the effectiveness of its support to Army. Accordingly, the Review Team is of the opinion that the Clothing Group should be restructured and elevated within the organisation to a SPO.

Recommendation 3

DMO elevate organisationally the Clothing Group to a SPO.

2.3.10 In addition to meeting with a Textile Industry Forum of suppliers and the Executive Director of the Council of Textile and Fashion Industry of Australia, the Review Team visited several individual suppliers. Discussions with these people included their relationships with the Clothing Group, procurement processes and potential improvement opportunities. The Review Team was concerned about the high levels of dissatisfaction expressed by nearly all suppliers regarding the performance of the Clothing Group, and its unwillingness or inability to engage in constructive discussion with Industry.

2.3.11 Notwithstanding, there is evidence of inappropriate practices by some companies who have sought to subvert the procurement process to their advantage and misrepresented their products.

2.3.12 In addition to repairing current work practices, the Review Team believes that the Clothing Group needs to:

- Develop and maintain effective business relationships, either for the supply of clothing or the development of technical specifications leading to the purchase of clothing, including with suppliers already under contract to Defence.
- Develop and support regular industry forums to provide information concerning the current and future Defence requirements for the development and/or purchase of clothing.
- Engage industry when developing technical specifications for clothing. This is expected to be a two way process, in which Defence is kept informed of the latest development of fabrics and garment design and build, while the Clothing Group provides industry with indications of the capabilities it is tasked to provide to the ADF.
- Coordinate with DSTO and Users when developing user requirement documentation as well as provide input and support for field trials and user acceptance testing.

2.3.13 The Review Team does not believe the resources required to conduct remedial training, correct staff shortages and address the increasing backlog of work are available within the current structure of Land Systems Division.

Recommendation 4

Land Systems Division review in detail the size and shape of the Clothing group, the rank and skill levels of the staff within the organisation and determine which specific resources are required for the Clothing Group to improve its performance and implement the additional business activities identified by the Review Team.

Recommendation 5

Land Systems Division fill the 14 vacant positions within the Clothing Group as a matter of priority. The resources necessary to implement this recommendation may not be available within the current structure of Land Systems Division.

2.3.14 The Review Team noted that there were ideal opportunities for the employment of Graduate Administrative Assistants in the Clothing Group which would add a new dimension to the culture of the existing work force in the Clothing Group and provide the graduates with experience in dealing with members of Australian industry. This will take some time to achieve, and therefore will require a continued application of the Graduate Administrative Assistants Scheme within Clothing Group.

Recommendation 6

DMO assign members of the Graduate Administrative Scheme to the Clothing Group on a routine and continuing basis.

2.4 Land Engineering Agency and Contracting Support to the Clothing Group

2.4.1 Following a review of engineering and technical activities in Land Systems Division, the management of engineering and technical staffs and the conduct of engineering functions were transferred from the Soldier Support SPO to the Land Engineering Agency. However, an appropriate number of technical personnel are now collocated within the SPO and are operationally responsive to the SPO leader. These organisational changes provide an appropriate delineation between those parts of the organisation that manage the procurement and ongoing supply of clothing from those areas that undertake enhancement activities or the development of new items. This re-organisation will provide a clearer focus for engineering and technical effort, and provide a focal point for liaison with industry and experts in the textile field. In a similar arrangement, specialist contracting staff members have been collocated with the Soldier Support SPO to ensure that a greater depth of contracting knowledge and procurement governance is applied to SPO procurement activities.

Recommendation 7

Land Systems Division continues to permanently collocate Land Engineering Agency and Contracting Staff within the Clothing Group to improve the performance of the Group and increase the robustness of its activities.

2.5 Recruitment of a Textile Engineer

2.5.1 Industry increasingly requires the support of textile engineers for the development of new fabrics in response to Defence requirements for improved capabilities, particularly for combat clothing. However, no such expertise exists within the Land Engineering Agency and therefore is not available to support the Clothing Group. Technical specifications for fabrics are fundamental to the functionality of combat clothing and therefore the development of technical specifications and the testing of clothing functionality are becoming major elements of the tasking within the Clothing Group. Consequently, Defence needs to be able to communicate with industry in an informed manner. While access to commercial testing agencies can partly address this matter, the Review Team believes that an experienced textile engineer needs to be employed in the Land Engineering Agency. Accordingly, the Team recommends that a textile engineer be recruited for employment in the Land Engineering Agency and collocated within the Clothing Group. The textile engineer position should be in addition to the existing Technical Officer billets within the Land Engineering Agency, some of which are vacant. The Review Team noted that companies that employ textile engineers have had to recruit them from overseas.

Recommendation 8

Land Systems Division recruits a textile engineer into the Land Engineering Agency and collocate this person within the Clothing Group

2.6 Business Processes

2.6.1 The requisite procedures and processes to be observed by people working in the Clothing Group are detailed within the Defence Procurement Manual. However, from interviews the Review Team concluded that many members did not always conform to the requirements contained in the Manual. The reasons for non-conformance are either cutting corners to meet tight timelines and manage heavy workloads, or lack of knowledge of the correct procedures. Partly in mitigation, the Review Team was advised that the Manual is large and difficult to read. Notwithstanding, training of staff is required to ensure that the proper procedures are followed and that they are clearly understood -- especially when dealing with sole sourcing and contract renewals.

Recommendation 9

DMO review the Defence Procurement Manual and provide a user friendly edition.

2.6.2 Chapter 5 contains a detailed description of the processes of the Clothing Group which are entirely manual and primarily paper-based, together with corresponding recommendations.

2.7 Budget Management

2.7.1 Land Systems Division spends about \$510 million per annum on purchase of items for sustainment of the force in-being and about \$533m on Projects. The budget for clothing procurement is allocated to the Soldier Support SPO in accordance with the Materiel Sustainment Agreement (MSA) between DMO and Army. The MSA defines Army's requirement and the delivery of goods and services by the DMO to meet that requirement. Land Systems Division's budget is based on the agreed estimated output and revenue is only received by DMO when goods and services are delivered.

2.7.2 ADF Clothing Group has an annual budget allocation of \$45 million which informs the development of the Group's Business Plan and therefore determines the planned staff activity levels and rates of expenditure throughout the year. Historically, the Clothing Group spends approximately \$60 million per annum. However, in the current financial year it will spend approximately \$90 million to meet operational requirements. This increased level of spending is the result of additional funds being supplied by Army throughout the year when they demand additional clothing, but this is only in part as a consequence of operational contingencies.

2.7.3 The effect of these changing requirements along with the trickle supply of additional funding throughout the year from a budget that is closely controlled by Army requires a continual amendment of workloads for the Clothing Group personnel. Consequently, expenditure and personnel activity are continually increasing throughout the year and result in an "end of year spend up". Importantly, the uncertainty concerning the availability of funds does not permit an effective planning process and an appropriate setting of procurement priorities throughout the year. While the annual planning within the Soldier Support SPO attempts to minimise this effect, within a risk management approach, by necessity, the Clothing Group is forced to be reactive and is driven to an end of year spend.

2.7.4 The lack of a strategic focus that results from this trickle feed of funds is reflected in an ad hoc engagement with industry, which prevents effective forward planning and results in increased lead times for supply of clothing. In turn, this provides an inducement to Clothing Group staff to cut corners to satisfy customer needs.

Recommendation 10

DMO and Army review the method for allocating budget to the Clothing Group so that the budget facilitates better and more appropriate procurement priorities and reflects the historical expenditure levels. This issue is to be monitored by the Clothing Governance Executive.

2.8 Probity

2.8.1 Over the past five years the Inspector-General has conducted a number of reviews of clothing and personal equipment related procurement activity in the Soldier Support SPO and its predecessor organisation, the Joint Materiel Agency. The reviews have either been programmed as part of the Defence Audit Committee approved Audit Work Program or have resulted from allegations received. Those reviews resulting from allegations generally touched on probity issues.

2.8.2 The themes common to the probity related allegations, and the findings from relevant reviews, can be categorised generally as identifying practices involving either apparent favouritism or conflicts of interest. In every case the results of the reviews have been reported to the management at Senior Executive level. The action resulting from the reviews, including disciplinary action, has been taken in accordance with established Departmental procedures.

2.8.3 From an industry perspective, suppliers understood that proper arrangements needed to be implemented for the issue of tenders and subsequent recommendations for award of contract. They also understood that development work to be carried out with industry participation needed to be conducted within appropriate commercial arrangements. Moreover, suppliers did not express an objection to sole sourcing contracts providing it was fair and open, and the contracting policy and philosophy was clearly documented and available to all.

2.8.4 Of particular concern were statements made by a company that accused the Clothing Group of acting either illegally or deliberately not in accord with Departmental policy. In a similar vein, other companies implied that not all tenders were provided with the same information. These allegations appear to be supported with information provided by both the Clothing Group and from industry participants that not all recent Clothing Group tenders had been made available on the Australian Government Tenders website. While the large majority of companies did not believe that the Clothing Group was acting improperly, the strength of negative comment from one representative is such that the allegations, and the wider circumstances surrounding these activities, should be investigated further.

Recommendation 11

Inspector General formally investigates the statements made by a company that accused the Clothing Group of acting either illegally or deliberately not in accord with Departmental Policy.

2.9 Culture

2.9.1 The outcome of a significant period of neglect and management oversight of the Clothing Group, combined with the need to cope with heavy workloads and the desire to meet the demands of the customer, in this case Army, is a culture of expediency and failure to consistently follow published procedures and heavy handedness when dealing with industry.

2.9.2 This culture has resulted in an ad hoc approach to decision making, inconsistent messages to industry, and a lack of confidence in the Clothing Group. The outcome has been reluctance by the Clothing Group to openly engage with members of industry with the consequent effect of poor communication between Defence and industry.

2.9.3 This position has been exacerbated by the receipt of numerous complaints from various parts of the clothing industry about the Clothing Group and from continued questioning of the Clothing Group from within Defence, concerning complaints from personnel in the field about the clothing and personal equipment issued to them. This level of questioning occurs in spite of Army Headquarters, Land Headquarters and Training Headquarters continuing to express satisfaction regarding the quality of clothing on issue to their troops.

2.9.4 Notwithstanding, the overall effect of these complaints and questions is to undermine the confidence and morale of members of the Clothing Group and adds to an already heavy workload.

2.9.5 Reversing the current poor practice by some members of the Clothing Group and changing the unhealthy culture in the Clothing Group will take some time, and is thought to be an ongoing activity for several years.

2.9.6 To improve the culture, the work load needs to be better controlled, while the large back log of work facing the Clothing Group needs to be addressed by additional support teams while the Clothing Group re-establishes correct processes and procedures.

2.10 The Way Ahead

2.10.1 If the Clothing Group is to meet the requirements of user groups, observe good business practices and follow Defence and Australian Government policies, the Review Team believes that additional people and resources need to be provided to the Clothing Group to address the legacy issues and identified deficiencies.

2.10.2 The Review Team recommends that three teams work in parallel with the Head of the Clothing Group to address existing legacy issues. The teams are not intended to stand alone and must co-ordinate their approach in resolving the issues associated with poor culture, organisational construct, systems and procedures, and existing contracting arrangements.

2.10.3 The teams should specifically work in the following areas:

Culture and Organisation

- Realign the organisation's culture in accordance with Defence standards.
- Rebuild the reputation and standing of the Clothing Group within Land Systems Division, Defence and the industry.
- Reinforce sound leadership and management practice and principles.
- Review the size and organisational shape of the Clothing Group, determine the specific skills and experience required for the Clothing Group personnel to perform their duties correctly

Systems and Procedures

- Ensure that personnel in the Clothing Group have the requisite knowledge of the systems and procedures required for the effective conduct of the clothing procurement procedures (including tender processes and sole sourcing requirements) and can follow them.
- Ensure that personnel are trained to effectively use new management information systems as they are introduced to the Clothing Group.
- Where appropriate, ensure that personnel are provided with the requisite negotiation and conflict resolution management skills to enhance their ability to deal with industry representatives.

Remediation

- Update formal clothing specifications.
- Review existing contracts to ensure that proper practices have been completed.
- Update documentation including data concerning contracts, standing offers, specifications, sample items
- Redress other outstanding backlog issues.

Recommendation 12

Land Systems Division form three teams to develop a more business like culture, provide training to the Group's personnel and to review and update existing contractual agreements within the Clothing Group and to address the backlog of work. The Teams are to work in parallel with the Head of the Clothing Group to enable the organisation to conduct its routine activities while they address the legacy issues.

Chapter 3 – Governance & Executive Level Management

3.0.1 At Army Headquarters, the Review Team spoke with Deputy Chief of Army, Director-General Preparedness and Planning and Director Logistics – Army. These Officers expressed satisfaction with ability of the Clothing Group to meet Army's requirements. However, they noted that the current high operational tempo of the ADF had placed increased levels of demand and consequently increased pressure on the Clothing Group. The Review Team observed that the recent focus and scrutiny of the Clothing Group has placed an additional level of stress on the Clothing Group which has resulted from a large backlog of work to review technical specifications of clothing items currently under demand, and develop and negotiate associated contracts.

3.0.2 High levels of anxiety that are being experienced by many members of the Clothing Group resulting from their desire to meet the expectations of Army Headquarters and to provide support to personnel in the field.

3.0.3 This pressure is exacerbated by the use of the Rapid Acquisition process that is used to support urgent short term demands to meet operational requirements. Although the Rapid Acquisition process has been used only eight times since 2001, a Rapid Acquisition may contain a demand for around 75 different items of clothing.

3.0.4 This process places significant pressure on the Clothing Group to procure clothing at short notice. Importantly, the urgency generated by a Rapid Acquisition often results in a lack of a statement of user requirement which in turn causes difficulty in development of appropriately defined technical specification. In the past this has resulted in the placement of orders without appropriate technical specifications being provided.

3.0.5 The need to expedite the acquisition of clothing to meet urgent operational demands is accepted. However, it bypasses the normal procurement system and does not guarantee the quality of clothing that is provided to Defence. Moreover, it does not enable identification or specification of clothing acquired under a Rapid Acquisition to guarantee the maintenance of the same quality of clothing (or to provide improved standards of clothing) during any subsequent purchases. It also prevents the conduct of an open and fair competitive tender system.

3.0.6 The difficulties faced by the Clothing Group appear not to be understood by Army Headquarters who are of the belief that the procurement system comprises robust procedures. Further, the belief that Army personnel are currently provided with much better equipment now than in the past, is reinforced with comment by Army leadership that Australian soldiers deployed on operations with foreign forces are the best equipped personnel in the Coalition. Given these perceptions and that their demands for clothing, particularly combat clothing, are invariably met by the Clothing Group, the Army's lack of understanding is not surprising. On the other hand, it indicates that the level of communications that exist between these two groups is not effective.

3.0.7 While the Review Team expected that the Army Capability Personal Equipment Committee, which meets on a quarterly basis and is chaired at the Colonel (E) level, would address issues such as these; however, this appears not to be the case as the Committee is involved with addressing more routine matters. The ADF Working Group was established to provide a higher level of guidance and is chaired at the one star level; however, it has met only once since its inception in July 2005.

3.0.8 The Review Team expressed concern that the two major components of the clothing procurement process (Army and Clothing Group) do not address strategic issues nor do they consider the effectiveness and efficiency of the management of the business.

3.1 A Governance Executive

3.1.1 The Review Team recommends that a Governance Executive group be established to address governance issues and the high level management of the clothing procurement process. The Governance Executive should meet on at least a quarterly basis be co-chaired by the Deputy Chief of Army and Head Land Systems Division. The Review Team recommends that membership of the Governance Executive include representation from DSTO and when appropriate, an industry representative

3.1.2 The Governance Executive focus should include those matters of higher level concern such as management of the interfaces between Army Headquarters and the Clothing Group; overview of the higher level management of the overall clothing business processes; an overview of the management of Rapid Acquisitions; relationships with industry; an overview of budget management and its consequences to Defence; and issues that are likely to be of concern to the Minister.

3.1.3 The Governance Executive should not be content in restricting its influence to current business issues, but should drive initiatives to introduce world's best practice and coordination with civilian organisations and industry.

Recommendation 13

Army, as the Lead Capability Manager, and Land Systems Division establish a 'Clothing Governance Executive Group' to address governance issues and the high-level management of the clothing procurement process. Membership of the Clothing Governance Executive should comprise the Deputy Chief of Army and Head Land Systems Division, and include representatives from Army, Land Systems Division and DSTO, and when appropriate, an industry representative.

Chapter 4 – Internal Defence Relationships

4.0.1 The concept of a “user” and “supporter” relationship between Army Headquarters and the Soldier Support SPO, that addresses the processes used for the provision of combat and non-combat clothing for the three Services, was discussed at Chapter 1.

4.1 Users and Supporters

4.1.1 To ensure the suitability of clothing and personal equipment provided to soldiers Army Headquarters initiates a requirement for the particular items. In meeting this requirement, Army is required to provide a statement of user requirements. On receipt of a demand for clothing, the Land Engineering Agency develops a formal specification that defines the properties of the clothing and personal equipment to be provided.

4.1.2 The Land Engineering Agency is responsible for developing the technical specifications, as well as reviewing existing technical specifications before the Clothing Group begins discussions or negotiations with a prospective supplier.

4.2 User Requirements and Technical Requirements

4.2.1 The Review Team was advised that there are some 100,000 line items in the Clothing Inventory which can be grouped into like-categories and therefore can be adequately covered by approximately 2,700 technical specifications.

4.2.2 Given the responsibility for Army to provide user requirements, it follows that there should be formal user requirements available to inform the development of each of the technical specifications.

4.2.3 However, on investigation the Review Team learned that of the 2,700 technical specifications some 2,000 are out of date and 220 need revision. In addition to the 2,700 technical specifications, there are another 600 groups of items that are not covered by a specification. During its audit, the Clothing Group was unable to find user requirements that support many of the existing technical specifications.

4.2.4 This situation is not a recent condition and has existed for over a decade. Of concern is that without formal and robust technical specifications, there can be no guarantee that the quality of the clothing is fit for purpose, nor can quantitative assessment be made of quality, which precludes effective improvement of the clothing.

4.2.5 The Clothing Group has recently completed an audit of its inventory and is commencing work on updating these specifications. This is a huge task and one that will take months, if not years to complete. The issue of the lack of user requirements is, in all probability, too hard to redress, but is one that demands due diligence and improved management by Army.

4.2.6 For new requirements there needs to be adherence to the policy which requires user requirements, formal technical specifications and corresponding tender documentation.

4.3 Policy

4.3.1 When considering the policy pertaining to the clothing procurement processes, the Review Team perused the various documents in common use. These included the *Defence Capability Management Manual*, *Memorandum of Arrangements between the Department of Defence and the Defence Materiel Organization*; the *Materiel Sustainment Agreement between the Defence Materiel organization and Army*; the *Technical Regulation of Army Materiel Manual* and the *Defence Procurement Policy Manual*.

4.3.2 The Review Team concluded that suitable policy exists and is generally sufficient to provide adequate guidance to the people engaged in the clothing procurement. Within the various publications there is sufficient guidance to ensure that the policies are understood and followed.

4.3.3 Enquiries made by the Review Team concerning reasons for the lack of user requirements from which to develop technical specifications revealed a general lack of knowledge concerning both the existence of the policy and therefore, a failure to follow its guidance. The lack of knowledge concerning the policy was wide spread, and has existed for some considerable time. It was difficult for the Review Team to understand how this situation has been allowed to develop. The lack of knowledge, or the failure to follow the policy guidance, would appear to exist in both Army Headquarters and Land Systems Division. This has been demonstrated by the lack of user requirements from Army to enable the Clothing Group to develop technical specifications for the purchase of clothing that meets Army requirements.

4.3.4 The Review Team was concerned that this situation has not been recognised earlier by the leadership and rectified.

Recommendation 14

Army and DMO formally review extant policy relating to the purchase of clothing to assess its relevance and accessibility. The presentation of the relevant policy and its accessibility clearly needs to be improved. Subsequently, people who manage or are engaged in the procurement process need to be educated on the policy, its application and the need for compliance to the policy.

4.3.5 The Review Team acknowledges that the provision of user functional requirements and the development of formal technical specifications may not be available in the timeframes associated with the Rapid Acquisition process; however, as noted elsewhere in the report, the follow up processes should be completed as soon as possible. In the meantime, it must be made clear that the risk is accepted by Chief of Army.

4.4 Defence Science and Technology Organisation (DSTO)

4.4.1 The Review Team met with Head of the Human Protection and Performance Section of Defence Science and Technology Organisation which maintains science and technology capabilities that delivers an integrated approach to the protection of personnel against threats which exist in operational environments. These capabilities include physical protection of individuals, human performance and chemical, biological and radiological protection.

4.4.2 The Review Team was advised that although DSTO can provide significant support when Defence is considering the development and acquisition of new clothing, contact between the Clothing Group and DSTO is ad hoc. Importantly, no formal strategic relationship exists between the two organisations. Given the skills that are available within DSTO, this lack of regular contact is surprising, particularly given that DSTO has significant expertise in the research and development of clothing specifications. Moreover, DSTO representatives commented that apart from Land 125 (WUNDARRA) they were not informed of Army's plans or requirements for new clothing. DSTO stated that they were not normally involved in the development of clothing specifications, but more often they were engaged in resolving issues that arose during the development process managed by the Clothing Group.

4.4.3 DSTO is expert and skilled in the employment of a systems approach when considering the functionality and technical specifications for new items of clothing. Currently, procurement of clothing, with the possible exception of Land 125, does not use a systems approach to ensure that clothing and personal equipment can effectively function together.

4.4.4 DSTO also have significant expertise regarding the development of specialised fabric. In fact they proactively engage selected firms in the clothing industry to assist in the development and commercialisation of new fabric designed to Defence specification for military use. There is good opportunity for a synergistic partnership with the Clothing Group in these activities. However, this would require a forward thinking and proactive approach by the Clothing Group to consider new requirements and would require a much stronger partnership with Army.

Recommendation 15

Soldier Support SPO, DSTO (Human Protection and Performance Section) and Army establish formal agreements to address issues of new and emerging requirements for clothing for the ADF.

4.4.5 DSTO commented that they did not believe that user trials conducted for new clothing and personal equipment for Army was effectively planned, managed or evaluated. These comments reinforce statements that the Review Team heard in other interviews with various members of industry.

4.4.6 Of interest, DSTO conducts forums with industry at the start of each financial year to review historical activities and to inform them of Defence forecasts, including budgetary details, for the ensuing year. The conduct of a similar forum has great potential for the Clothing Group and would not only align the clothing industry with likely forthcoming Defence requirements, but would provide an exchange of information that would be of value to both the industry and Defence.

4.4.7 As a consequence of its scientific development activities, DSTO is well practised at defining intellectual property rights and then licensing them to Australian industry. The expertise that has been developed by DSTO could be utilised to good effect by the Clothing Group and Army.

Recommendation 16

The Clothing Group confers with DSTO on the subject of management of intellectual property rights for clothing and personal protective equipment issues.

4.5 Complaints

4.5.1 The Review Team became aware of the types of complaints that are made concerning the clothing and equipment on issue to soldiers. For example, complaints about the Army pack have included comment that it is either too large or small. It would seem to the Review Team that resolution of these complaints would be difficult in the extreme. Further, the Review Team acknowledges that the design of the pack was made in response to Army requirements and that the Chief of Army has validated these requirements. While the complaints of individual soldiers is important and should not be disregarded, the Team acknowledges that there remain some instances when complaints by soldiers cannot be resolved satisfactorily. Notwithstanding these comments, the Review Team cannot emphasize strongly enough the importance of effective communication between an individual soldier making a formal complaint and an officer of appropriate rank who can address the reasons for the non-satisfaction of the complaint with the soldier.

4.5.2 The reputation of Clothing Group has been damaged by complaints from user groups, including individual soldiers, and suppliers alike concerning its poor performance. Some of the complaints may be justified; however, they have a detrimental affect on the morale of the people within the Group, the large majority of whom are endeavouring to make the system work. A consequence of a barrage of complaints received is the additional work necessary to answer them and the requirement to respond to these complaints is stretching an already stressed organisation. The Review Team does not in any way seek to dissuade complaints that are justified. However, as a consequence of the breadth of issues highlighted by the review process and the change management already being implemented within Land Systems Division, complaints and requests for information need to be more carefully managed in the future.

Chapter 5 – Systems and Processes

5.1 The Procurement Process

5.1.1 The ADF Clothing Group is a key organisation in the process for providing clothing for ADF personnel. Demand for clothing originates from personnel whose entitlements are set by the respective Service and delivery of clothing is completed when personnel draw their entitlements from Clothing/Quarter-Master stores.

5.1.2 In order to understand the need for information management systems to support the Clothing Group and higher management, an appreciation of the procurement and supply systems is necessary.

5.1.3 In detail, procurement of sustainment clothing requirements by the ADF Clothing Group involves a number of steps, including:

- Initiate the procurement process based on a need identified through the Supply Defence Support System (SDSS).
- Establish whether the demand can be met from existing stock or whether a demand needs to be placed on industry.
- Establish whether the procurement can be conducted under an extant standing offer; a sole source arrangement; or whether a competitive tender is required.
- Establish whether the technical specifications for the product are current or if they need to be revised or upgraded, in which case Land Engineering Agency is requested to review and update the specifications.
- Prepare tender documentation, request tenders and evaluate responses.
- Negotiate and finalize contracts.
- Ensure that the product is manufactured to the required specification.
- Ensure that the stock is delivered to the appropriate warehouse for distribution to Defence Establishments.
- Payment of Invoice

This process is presented diagrammatically at Attachment 5.

5.2 Existing Systems

5.2.1 The procurement work done in the Clothing Group is completely manual and paper based with support provided by information systems used for inventory management (SDSS) and for financial accounting (ROMAN). Neither of these systems is appropriate for use as procurement tools. Apart from the usual office support tools, there are no management information systems to support the Clothing Group.

5.2.2 A consequence of the manual paper-based system is that there is little accurate information readily available to the leadership team to manage the Clothing Group procurement activity, or for that matter, for the Clothing Group to manage their own processes. There are no management information systems linked to data bases that tag information concerning the currency or management of contract arrangements, standing offers, user requirements specified by user groups, listed technical specifications or samples of products that have been provided to industry. Consequently, it is an extremely difficult, laborious and unreliable process to track these issues, monitor future requirements or to conduct effective, routine audits of the system.

5.2.3 The lack of data prevents the Clothing Group from effectively forecasting demand for clothing which inhibits the effectiveness of its communications with the industry.

5.2.4 The Clothing Group is only triggered to review product specification when the inventory system registers that a minimum stock level has been reached. This often generates a crisis situation for the Clothing Group, as there may be insufficient lead time for the Land Engineering Agency to update the corresponding product specification and for the Clothing Group to review the currency of extant contractual arrangements, issue and execute appropriate commercial arrangements in response to the tender and then accommodate the lead-times required to manufacture and supply the item.

5.3 Management Information Systems

5.3.1 Specific consequences of a lack of information systems available to the Clothing Group are that up-to-date information is not readily available for:

- Technical specifications requirements; the development of technical specifications arising from changed user functional requirements; and an appropriate scheduling of a review and update process for extant technical specifications.
- Procurements, including the number, nature and status/progress of transactions.
- The status and expiration dates of standing offers.
- The management of relationships between procurements and standing offers.

5.3.2 The lack of effective tools available to members of the Clothing Group inhibit their ability to manage the effectiveness and efficiency of their operations.

Recommendation 17

Land Systems Division provides the ADF Clothing Group with appropriate management information systems as a matter of priority. In the first instance, this may require systems such as simple databases to manage relatively static data, such as user requirements, technical specifications and standing offers. Subsequently, a workflow management system needs to be implemented. The information management systems also need to be able to accommodate the requirements of Rapid Acquisition Guidelines.

5.4 Rapid Acquisitions

5.4.1 The Clothing Group is required to perform Rapid Acquisitions for combat clothing. Importantly, this process circumvents the standard procurement process outlined above. Specifically, either military or commercial off-the-shelf items are purchased and put into service without a user requirement being formalised by Army and translated into a Specification by Land Engineering Agency.

5.4.2 While the Review Team acknowledges the need for a Rapid Acquisition process, it was concerned to learn that a Rapid Acquisition demand may be repeated several times to meet the requirements of subsequent deployments of forces on rotation to overseas operations over reasonably lengthy periods. Thus, repeated Rapid Acquisitions can inadvertently perpetuate a requirement for clothing and personal equipment that does not have either validation of user requirements or the development of a formal technical specification. The item will therefore probably not have undergone a formal risk management assessment, but may still find its way into permanent usage, an undesirable situation. This approach to the acquisition of clothing contradicts the claim that Defence is a learning organisation that pursues continual improvement.

Recommendation 18

Army as the Lead Capability Manager for clothing provide user requirements to the Clothing Group as soon as possible after placing a Rapid Acquisition demand; although the Review Team acknowledges that this could occur after the demand has been placed and met. This follow-up action ensures that technical specifications are developed for clothing, which should enhance the quality of clothing purchased for subsequent operational rotations.

5.5 Report on Defective or Unsatisfactory Materiel - Land (RODUM)

5.5.1 Army provides a feedback system that is available to all Army personnel that enables them to comment on the suitability, or otherwise, of equipment that is supplied to them and that they are required to use during the performance of their duties. The system is known as the Report on Defective or Unsatisfactory Materiel – Land (RODUM) and is managed by Land Systems Division. The policy concerning the system is contained in the Technical Regulation of Army Materiel Manual.

5.5.2 The RODUM has been in use since 1973 and has received in excess of 45,000 reports. Since 1996 there have been some 23,000 RODUM submitted of which 1665 relate to combat clothing and equipment. As with many RODUMs that address clothing, the issues tend to be rather emotive. Of the complaints related to combat clothing, 402 RODUMs have been submitted against Terra boots from July 1999 until April 2006. This particular issue is addressed later in more detail.

5.5.3 Reflecting the Army's responsibility as the Lead Capability Manager for clothing for the Navy and Air Force, the system is available to both these Services. However, unlike the Navy and the Air Force, RODUM is well known and understood by Army personnel.

5.5.4 The RODUM has been the subject of numerous enhancements since its inception, many of these have arisen as a result of criticism from personnel concerning the way in which their complaints about their clothing and equipment were managed.

5.5.5 The Review Team has had conflicting comments concerning the efficacy of the system and varying levels of confidence have been expressed about it. The Review Team has not specifically spoken with individuals from the work force who are likely to provide input to RODUM, but have spoken to people who draw information from the system, and has reviewed various reports about the system. The number of complaints from soldiers about the system would indicate a lack of confidence by at least a portion of the work force. Notwithstanding, senior leadership continues to express confidence in the system. The Review Team were briefed on previous programs and concluded that the lack of confidence concerning the RODUM system could be addressed with some enhancements and an aggressive education and training program.

5.5.6 The Review Team understands that while a feed back loop exists, a response to an individual who has submitted a RODUM is not guaranteed, but instead a formal response may be despatched to his Unit. If this is the case, then the system needs to be improved to ensure that a response is provided directly to the individual from an appropriately senior appointment.

5.5.7 Investigating Officers for RODUMS are drawn from Land Engineering Agency and attached to particular SPOs to investigate RODUMs. They are generally Technical Officer 4 level. The Review Team was concerned to learn that Investigating Officers could conceivably be required to investigate complaints about products for which they were responsible for the acceptance of the original specification. Investigating Officers were also able to complete an investigation and close a RODUM without reference to the Chief Engineer, in accordance with requirements contained within the Technical Regulation of Army Materiel Manual. Importantly, the findings from an investigation leading to closure of a RODUM do not necessarily result in improvement or update of a deficient specification.

Recommendation 19

Land Systems Division amend the RODUM system so that indications of an emerging problem or a problem of particular importance can only be closed by a senior officer who is independent of the design of technical specifications.

Recommendation 20

Deputy Chief of Army and Head Land Systems Division design and implement a process to ensure that responses to RODUMs reach the soldiers who submitted them. These responses need to be made by an officer of an appropriate rank.

Recommendation 21

Land Systems Division amend the RODUM system to ensure that relevant information from RODUMS result in an improvement or update of a deficient specification.

5.6 RODUMs – Issues of Boots

5.6.1 Because the issue of wearer dissatisfaction, contained in 403 RODUMs concerning boots, has evoked an emotive reaction from various quarters, the matter was specifically addressed by the Review Team members when speaking with many of the people during the Review. These included senior members within the Army command and staff environment, Regimental Sergeant Majors and many others. The responses contained mixed messages concerning the suitability of the boots, and varied from comment that “Australian Army soldiers are now provided with better clothing and equipment than at any time in recent history”, to the comment that the boots are not well designed and are not fit for purpose. Informal comment from users provided during a field visit was positive, supporting the boot. The Review Team was unable to ascertain the utility of the boot with any degree of certainty. However, comments regarding development of the boot over five variants, the range of sizes that are available to the wearer and the importance of proper fitment, indicate a commitment to ensure that the boot is fit for function. This commitment has been endorsed by Chief of Army.

5.6.2 Of the 402 RODUMs submitted on Terra boots since July 1999, 68 were submitted in the period December 2004 through April 2006 – an average of about 29 reports per year. During the period July 1999 to December 2003, 334 RODUMs were submitted, or an average of about 74 per year. On face value, these figures indicate a downward trend of RODUMs and a decreasing trend of dissatisfaction in the Terra boots.

5.6.3 Notwithstanding our comment concerning reporting trends, the Review Team was unable to reach definitive conclusions regarding the quality of the boot and its fitness for function. Given this and the importance of wearer satisfaction and confidence in the boot combined with the level of emotion that the subject evokes, the Review Team recommends that an independent review of the boot and its fitment be undertaken and this review include independent expert podiatry advice.

Recommendation 22

Deputy Chief of Army and Head Land Systems Division commission an independent review of the boot and its fitment, including independent expert podiatry advice.

Chapter 6 – Industry

6.0.1 This chapter discusses the clothing industry that supports Defence's requirements for the provision of clothing and addresses the industry perspective concerning the DMO and the Clothing Group.

6.1 Industry Structure

6.1.1 The ADF Clothing Group procures a very wide range of products. At one end of the spectrum it may be high-technology clothing that is required to have low infra-red profiles, to socks for day-to-day wear at the other end of the spectrum. The suppliers who deal with the Clothing Group are correspondingly diverse in nature and capability.

6.1.2 There are three categories of Clothing Group suppliers: domestic manufacturers; importers; and distributors. Only on rare occasions does the Clothing Group import directly from overseas to meet its needs.

6.1.3 Domestic manufacturers have three functions, namely:

- Research and Development. The development of final products, including low IR profile and water/flare resistance materials.
- Manufacturing Components. The manufacture of components to meet the functional specification, for textiles this includes printing and laminating.
- Assembling into final products. For clothing this includes cutting the cloth, sewing and assembling.

Not all domestic manufacturers conduct each of these activities.

6.1.4 The interaction of this diverse range of activities is demonstrated in the development of the low IR profile Disruptive Pattern Combat Uniform (DPCU). The R&D for this uniform was performed by DSTO and Combat Clothing in conjunction with two key manufacturers of textiles. These manufacturers purchase the inputs for their textiles, primarily from overseas as there is no domestic supplier. They manufacture the textile and supply it to the Clothing Group, who arranges for its supply it to companies to produce the clothing - cutting, sewing, assembling and shipping to the Group. This process requires the Clothing Group to establish and manage contracts with each of the companies engaged in the process.

6.1.5 Major manufacturers have much higher textile engineering skills, knowledge and experience than the Clothing Group or the Land Engineering Agency. Consequently, it is difficult for the Clothing Group to be an informed purchaser of clothing. A recommendation that DMO recruit a textile engineer is contained in Chapter 2.

6.1.6 The Clothing Group maintains control over key functional components of clothing. For example, it sources specialist cloth from manufacturers and supplies it to assemblers. The Clothing Group does this as the functional capabilities of combat clothing are primarily determined by the properties of the cloth. DMO quality control procedures require the testing of the quality of the cloth before it is cut and sewn. Both the manufacturers and assemblers were satisfied with Clothing Group providing this coordination role. This process places a higher load on the logistics and commercial functions of the DMO, and while it is not the most efficient way to conduct business, it enables the Clothing Group to control the process.

6.1.7 Domestic manufactures reported that profit margins for DMO contracts were fair, and that invoices were paid in a timely manner. The importance of Defence contracts to individual companies varied between companies and was not necessarily correlated with the contribution of revenue, reflecting Defence's value as a reference customer. Of the industry participants interviewed, manufacturers' businesses were typically larger than those of the assemblers, with total revenues in the range of \$50-150 million compared to \$10 million or less. The manufacturers' businesses often relied on extensive overseas supply chains with lead times of six months or more for their fabrics. Manufacturers with small dependency on the DMO were uncertain of their continued involvement in the Defence Industry. To improve certainty of supply, the Clothing Group appears to have maintained at least two suppliers to meet most of their clothing requirements.

6.1.8 Importers typically manufacture to specification off-shore, while distributors import military and commercial off-the-shelf products. None of the industry participants interviewed appeared to be only importers or distributors, but combined both functions in varying degrees. Importer/distributors generally had their genesis as domestic manufacturers who have had to source product from overseas as the clothing and textile industry was rationalized in Australia or were from an allied industry, such as adventure sports equipment. The importer/distributors interviewed typically had revenues of less than \$5 million.

6.2 Industry Relationships

6.2.1 Several suppliers (both large and small) were visited by the Review Team in addition to meeting with a Textile Industry Forum (eight suppliers) and the Council of Textile and Fashion Industry of Australia. Discussions centred on relationships with the Clothing Group, procurement process, ways of improving them and probity.

6.2.2 In general, relationships between Suppliers and the Clothing Group are poor, and companies found it difficult to do business with the Clothing Group, specifically:

- While suppliers felt they could positively contribute to the business processes, they were not encouraged to build business relationships.
- It was difficult to find people empowered to either make decisions or wishing to do so for fear of failure.
- No planning processes exist between Suppliers and the Clothing Group.

6.2.3 Overall the Review Team was concerned that high levels of dissatisfaction were expressed by nearly all suppliers regarding the performance of the Clothing Group, and its unwillingness or inability to engage in constructive discussion with them.

6.2.4 Manufacturers were concerned that on occasion, the Clothing Group had previously indicated its intentions in specific areas which led to the manufacturers investing in plant and equipment. These intentions were then not followed up by Defence, causing the manufacturers to question the efficacy of the Clothing Group's planning and business procedures.

6.2.5 In a general sense, the industry representatives expressed satisfaction with the competitive tendering process and noted that it provided a fair and equitable process for tenderers and Defence. They also understand that Rapid Acquisition of equipment will always be necessary to respond to operational requirements.

6.2.6 However, they stated that the demand profile for many items of clothing, specifically non-combat clothing, is reasonably well known over a twelve month period and supply requirements can therefore be predicted well in advance. In such situations, supply can become a routine activity with better management and improved planning process being adopted by the Clothing Group, which would benefit all parties.

6.3 Improvement Opportunities

6.3.1 Suppliers identified a number of improvement opportunities for their interactions with Clothing Group. These fell into three major categories, namely:

Managing suppliers in a commercially prudent manner

- *Understanding suppliers.* The Clothing Group needs to further enhance its company and site visits, including to pre-qualified suppliers. The purpose of these visits is to develop and maintain an understanding of the suppliers' businesses as well as to informally audit the businesses. Moreover, such contacts provide an opportunity to assist in joint problem solving.
- *Co-operating to develop technical specifications.* Industry commented that many technical specifications they were required to work with were outdated and did not reflect the industry's current standard. The industry noted that they maintained up-to-date knowledge on these matters and were placed to work with Defence in developing appropriate technical specifications for existing or new clothing. They commented that technical specifications for clothing jointly developed with industry provided the best outcomes for both parties.
- *Utilizing suppliers' capabilities.* The Clothing Group currently view suppliers as only product suppliers. However, the suppliers see opportunities to improve the Defence's operations by closer cooperation. They are prepared to work with Defence to implement such mutually beneficial initiatives. To be successful, the Clothing Group needs discard its reluctance to proactively engage with industry and develop cooperative relationships that benefit both industry and Defence. For their part, industry needs to provide proposals in a form that can be readily evaluated by Land System Division. To ensure probity, the Clothing Group always needs to ensure that such improvement initiatives are contestable or are conducted in an 'open book' fashion.

Planning and forecasting needs. Notwithstanding short-term operational demands, many of the needs of Defence are foreseeable, predictable and should be able to be forecast with reasonable accuracy. No planning processes exist between Suppliers and the Clothing Group to control and reduce peaks and troughs and provide more consistent demand profiles. Smaller Suppliers find it particularly difficult to work with Defence due to the stop/start nature of some contracts which could otherwise be administered in a more consistent manner over a 12 month period. In this way, the Clothing Group would facilitate better capacity planning within the industry and lower the risk for both Defence and Industry.

Signalling future long-term needs. The Clothing Group needs to signal its intentions for future developments in Industry Forums. This information needs to be presented as to inform the Industry rather than provide a specific commitment of the Clothing Group.

Recommendation 23

The Clothing Group establish a system whereby designated companies who deal with Defence, or have expressed a desire to deal with Defence, are certified as holding appropriate qualifications as suppliers to Defence. These qualifications include:

- Having the necessary quality certifications such as ISO 9000/1
- Being bone-fide operating businesses
- Having the capability to deliver, both in terms of the volumes and responsiveness required
- Meeting the legal requirements and community expectations for workplace standards, not only for themselves but for their subcontractors
- Having ethical standards accepted by Defence.

6.3.2 Site visits are part of the pre-qualification process.

Recommendation 24

The Clothing Group institute a regular series of Industry Forums to provide information on developments in Clothing and to solicit feedback from industry.

Recommendation 25

The Clothing Group continue to use competitive tender, utilizing sole sourcing arrangements in situations only when competition is limited. In entering into sole-source agreements the Clothing Group needs to ensure that negotiations are conducted by at least two independent officers at all times and the contract:

- Is 'open book', whereby the supplier's profitability for the contract is disclosed and auditable during and after the supply activity
- Is specifically authorized by the Branch Head.
- Is recorded in a Sole Source data base accessible to Land Systems Division management and Management Audit Branch.

6.4 Commercial Contracts

6.4.1 Industry participants indicated to the Review Team that some of the terms in the standard contract terms and conditions imposed by the Clothing Group were counterproductive. Specifically, one supplier noted that they had to produce 'two pre-production samples' each time a new order was made for a product to be supplied under an existing Standing Offer. To meet this requirement they had to suspend the production of the item in question. This problem appears to have been the result of an inappropriate use of template contract components. More importantly, the Review Team believes that Defence should implement quality control measures that are enacted throughout the life of a contract activity, not only when placing new contracts.

6.4.2 An industry participant further identified that contracts inappropriately forced manufactures to accept liability; for example, for cloth used to manufacture an item despite the fact that the Clothing Group held responsibility for the supply of the cloth and the manufacture of the cloth.

Recommendation 26

The Remedial Team review the existing contract templates to ensure that they are internally consistent, commercially viable and legally enforceable.

6.4.3 Industry participants also noted that the Clothing Group typically ordered product in large batches with relatively short delivery lead times. These surges in demand caused difficulty for suppliers, as they are unable to forecast and schedule their workloads effectively. The Review Team was advised that this results in staff being laid-off, only to be re-engaged shortly thereafter on a casual basis. This uncertainty in clothing demand has an adverse impact on the price of the goods purchased and the viability of businesses engaged with Defence.

6.4.4 The Review Team believes that the Clothing Group should forecast the future demand for the vast majority of products they routinely purchase, based on planned usage. The Clothing Group should be able to procure products in a 'just-in-time' fashion rather than batch procurement. This applies particularly to the supply of non-combat clothing arranged under Standing Offers.

Recommendation 27

The Clothing Group forecast demand for key/staple products and communicates these indicative forecasts to industry, particularly for products for which Standing Offers exist. These forecasts should be made available to industry participants at Industry Forums and to suppliers with Standing Offers for the products.

6.5 Intellectual Property and R&D

6.5.1 Industry representatives indicated that they were willing to invest in research and development activities and were prepared to purchase specialized equipment to meet specific Defence needs.

6.5.2 Industry participants were not uniform in the way that they would respond to a Defence request to conduct Research and Development. Some domestic suppliers were willing undertake research and development on a specific matter for a fee with the Commonwealth retaining all intellectual property rights. However, other industry participants were only willing to conduct R&D activities if they were assured that a captive order for the developed product would be provided to them. The Review Team believe that this latter course of action could lead to unhealthy commercial arrangements, where the Commonwealth effectively funded R&D activities, and was subsequently held captive to a specific supplier when it needed to utilize the intellectual property rights.

6.5.3 For new strategic capabilities, research and development for clothing should be performed in conjunction with other research organisations such as DSTO and CSIRO and, where appropriate, leading Universities, and should involve the textile engineering function of the Land Engineering Agency. There is an opportunity for Industry participation in such activities that would provide an opportunity to create new specifications for clothing.

Recommendation 28

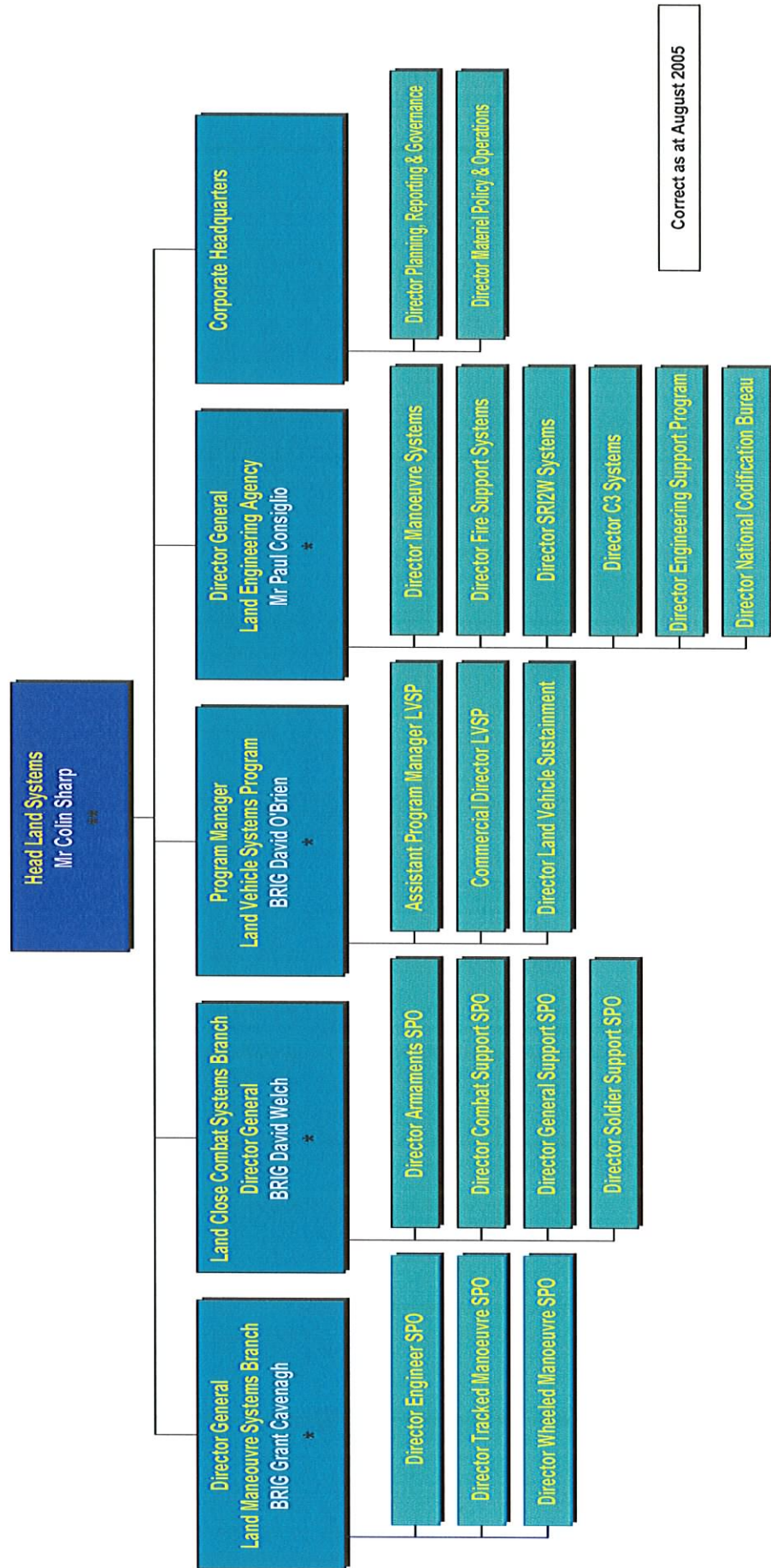
Defence ensure that it controls the intellectual property rights of research and development activities it conducts or funds and is not unnecessarily tied to a specific company which may control jointly developed intellectual property.

Recommendation 29

The Governance Executive conduct a review of the intellectual property rights status of clothing and personal protection equipment it procures and establish control using data base information. When technical specifications are developed or contracts are renewed the Governance Executive needs to determine whether it should obtain or retain the intellectual property rights for the relevant item.

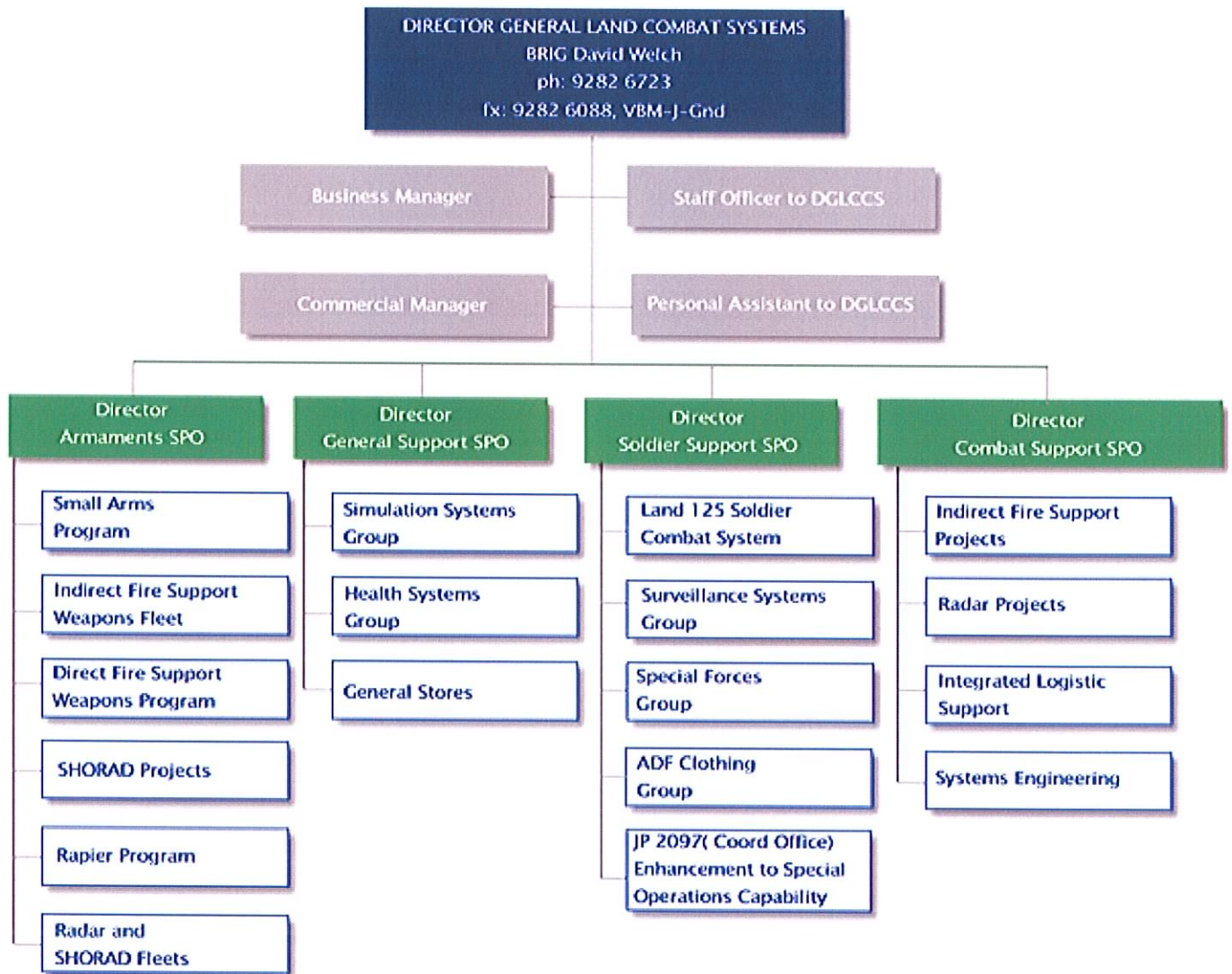
Attachment 1 - LSD Organisational Chart

LAND SYSTEMS DIVISION



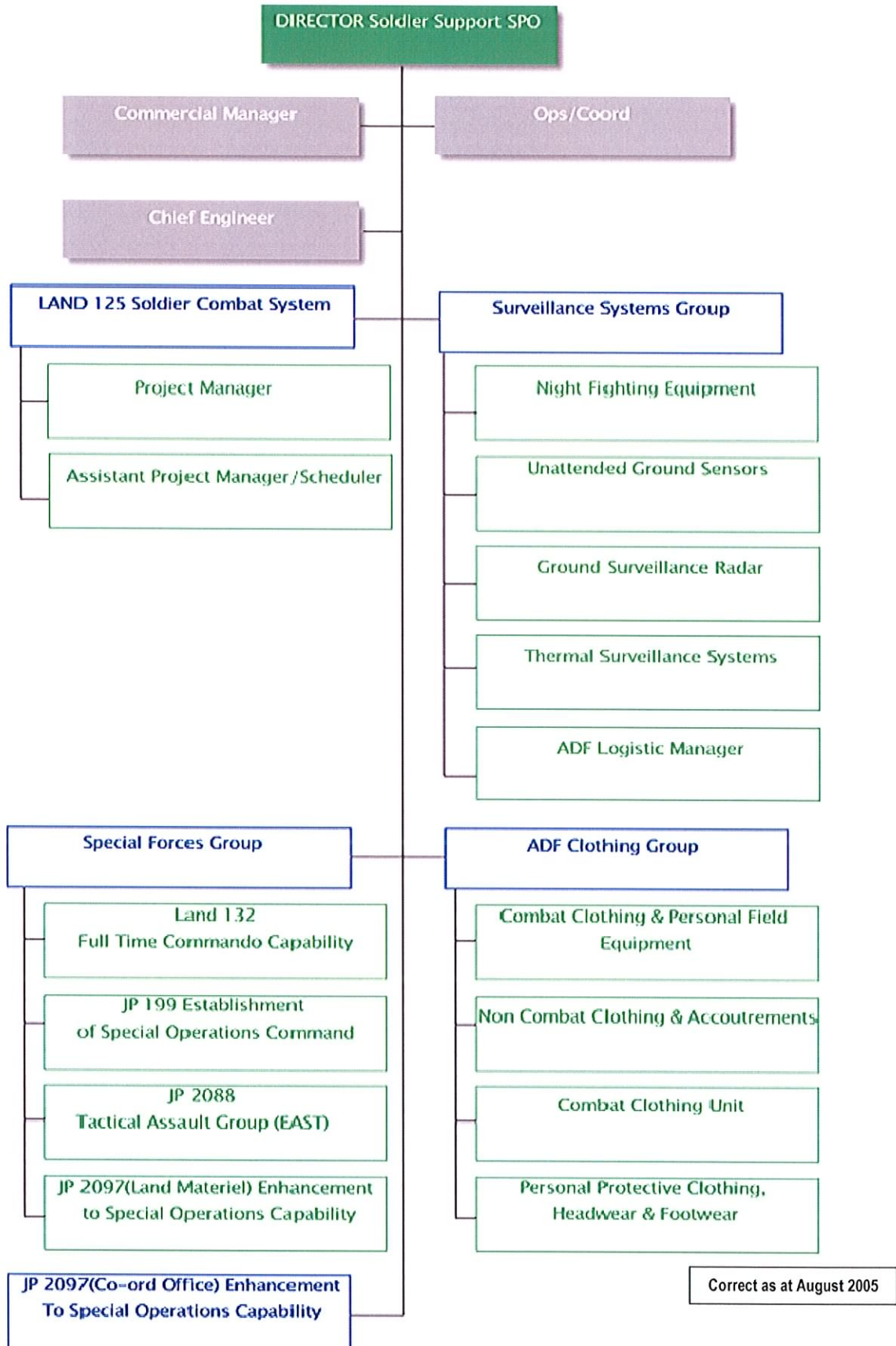
Correct as at August 2005

Attachment 2 - Land Combat Systems Organisational Chart



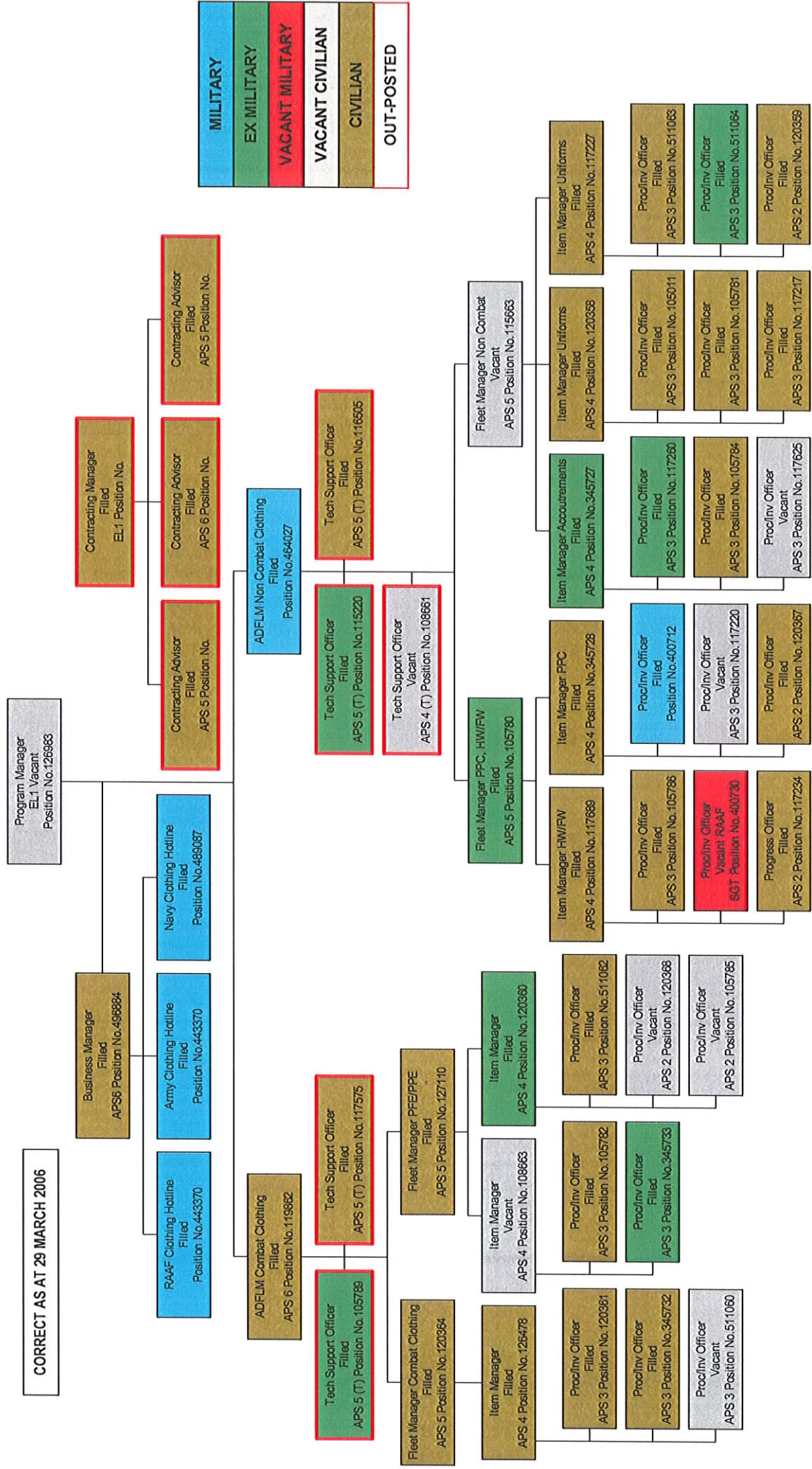
Correct as at August 2005

Attachment 3 - Soldier Support SPO Organisational Chart

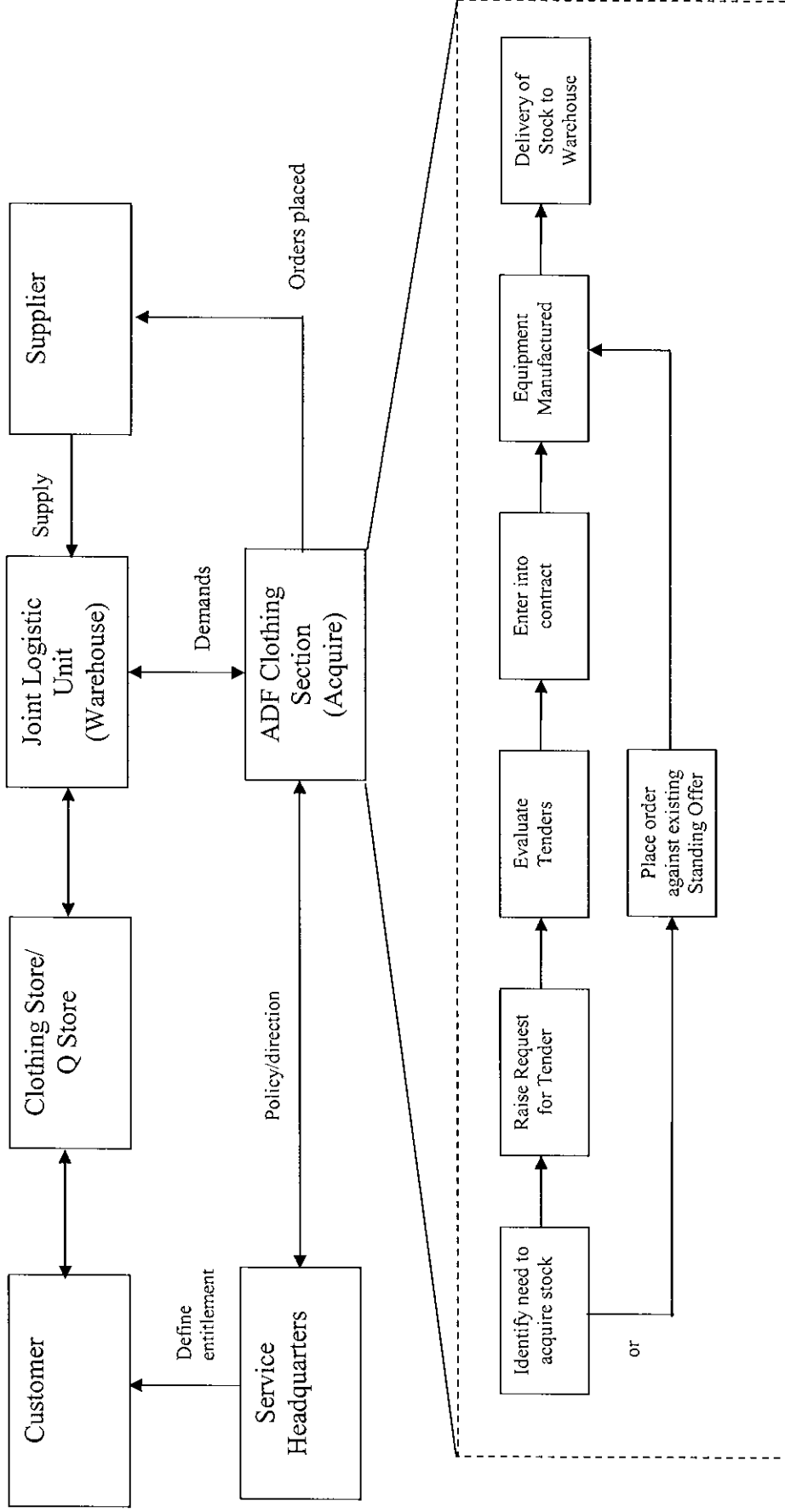


Correct as at August 2005

Attachment 4 - Clothing Group Organisational Chart



Attachment 5 – ADF Clothing Supply Chain



Attachment 6- List of Persons Interviewed by the Review

The Review Team formally interviewed the following people:

Department of Defence

Defence Materiel Organisation

Head Land Systems	Colin Sharp
Director General Land Combat Systems	BRIG David Welch
Director General Land Engineering Agency	Paul Consiglio
Director Soldier Support SPO	Grant Medbury
Director Contracting (Land Systems)	Anne Parkes
Commercial Manager Land Combat Systems	Joe Cardillo
SO1 Operations (LSD)	LTCOL John Stone
Chief Engineer Combat Clothing Group	LTCOL Dean Reyniers
Finance Manager Soldier Support SPO	Chris Breikreuz
ADFLM Combat Clothing & Equipment	Tim Glennen
SO3 Personal Field & Protective Equipment	Phillip Grycuk
Item Manager Accoutrements	Frans Buissink
Procurement Inventory Officer	Colleen Pritchett
RODUM Manager	WO1 Ian Mckay
RODUM Administration	Perry Vokolos

Inspector-General Group

Director Management Audit South	John Wiseman
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Defence Science and Technology Organisation

Chief Defence Scientist	Dr Roger Lough
Chief Human Protection & Performance Div	Dr Simon Oldfield
Manager, Enhanced Combat Clothing & Equip	Dr Bin Lee
Task Manager Enhanced CB Protection for the Individual	Steven Scalan
Enhanced Combat Clothing & Personal Equip	Janine Costa
Project Manager Hawk Lead-In Fighter FSFT	Tim Bussell

Capability Development Group

Chief Capability Development Group	LTGEN David Hurley
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Department of Defence *(continued)*

Capability Development Group - Navy

A/Deputy Chief of Navy	CDRE Trevor Jones
Director Navy Force Structure & Warfare	CAPT Stewart Dietrich
Director Navy Preparedness Plans & Logistics	CAPT Mark Sackley
Warrant Officer – Navy	WO James Levay

Capability Development Group - Army

Deputy Chief of Army	MAJGEN Ian Gordon
Director General Preparedness and Planning – Army	BRIG David Chalmers
Director Logistics – Army	COL Dave Creagh
A/Regimental Sergeant Major – Army	WO1 Jeff Hansen
Regimental Sergeant Major – Land Command	WO1 Kevin Vann
Regimental Sergeant Major – Training Command	WO1 Darryl Kelly

Capability Development Group - Air Force

Deputy Chief of Air Force	AVM John Blackburn
Director Logistics – Air Force	GPCAPT Hayden Marshall
Deputy Director Rapid Mobility	WGCDR Mark Holland
Deputy Director Uniforms – Air Force	WGCDR Terry Curtain
Warrant Officer – Air Force	WO1 Ray Woolnough

Infrastructure Division

Project Director, SF Facilities	LTCOL Martin Skin
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Commonwealth Scientific and Industrial Research Organisation

Textile & Fibre Technology, Finishing & Dyeing Services	Frank Dean
Textile & Fibre Technology, Project Manager	Martin Prins

Industry

Melba Industries

Director and CEO	Stephen McMillan
Director	Tom Quick
Technical Textiles Account Manager	Peter Selbie
Textile Engineer, Technical Textiles Development	Elizabeth Mueller

Industry (continued)

Australian Defence Apparel

Managing Director	Brian Howell Rush
Marketing Manager	Alan Bent
Contract Manager	Trish Gercovitch

Bruck Trading

General Manager – Bruck Trading	Darren O’Loughlin
Account Manager	Kate Boyd

Robco Products

Managing Director	Andrew Page
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Crossfire

Managing Director	Peter Marshall
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Flamesafe Fabric Specialists Pty Ltd

Export Director	Ross Kordakis
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Flickers Australia Pty Ltd

Managing Director	Dr Yaron Flicker
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The Speciality Group

Director	Norma Leipnik
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The Woolmark Company

Sportwool Business Manager	Glenn Renshaw
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Personal Protective Clothing

General Manager	Geoff Van Der Kolk
Customer Service Manager	Mandy Murphy

Steward & Heaton Clothing Co Pty Ltd

National Manager Protective Apparel	Steve Molloy
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Council of Textile & Fashion Industries of Aust Ltd

Executive Director	Ashley Van Krieken
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Defence Submissions

Officer Commanding HQ 395 Expeditionary
Combat Support Wing

GPCAPT Ronald Irons

Public Submissions

PJP Aerospace & Defence Industries
CAPT Derrek Lush