

Capability outcomes: who is

THE ESTABLISHMENT OF Australia's new Defence Delivery Agency (DDA) is the most significant reform of Defence capability management since the creation of the Defence Materiel Organisation almost 25 years ago.

The rationale is compelling. After years of cost overruns, delayed projects and procurement systems that have struggled to keep pace with a deteriorating strategic environment, the Government has concluded that Defence needs a fundamentally different approach to delivering capability.

Defence Industry Minister Pat Conroy has been explicit about the purpose of the reforms. They are intended to “restore accountability”, with the Vice Chief of the Defence Force (VCDF) responsible for determining the capability the Australian Defence Force (ADF) needs, while the National Armaments Director is made accountable for delivering it. As Conroy put it, these reforms are about “putting in place clear accountabilities and improving leadership performance”, so Australians can have confidence that Defence will deliver what the *2026 National Defence Strategy* demands.

The emphasis on accountability could hardly be more timely. A recent Australian National Audit Office report found Defence failed to publicly report at least AUD\$109 million in procurement commitments and spent more than AUD\$40 million on artillery munitions that have yet to be delivered. Coming only days after the Government announced reforms prompted by some AUD\$29 billion in project cost escalation before contracts had even been signed, the audit reinforces

why structural change has become unavoidable.

Yet as Defence personnel begin working through the practical implications of the new hierarchy, one deceptively simple question has emerged. Who actually owns military capability?

Under these new reforms, capability development now sits principally within the VCDF's Group. The DDA will acquire and introduce capability into service. The services remain responsible for force generation, preparedness, sustainment and operational employment through their capability managers. Individually, each responsibility is logical. Collectively, they raise a more fundamental question about accountability.

Consider a major acquisition such as Land 300. VCDF Group defines the



ABOVE: It is currently unclear who is accountable when projects charged with delivering operational capability to the ADF don't end up delivering.

Image: Aust DoD



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responsible?



IF THE PROJECT DELIVERS LATE, PROVES UNAFFORDABLE OR FAILS TO ACHIEVE ITS INTENDED MILITARY EFFECT, WHO IS RESPONSIBLE FOR THE OUTCOME?

requirement. DDA procures the capability. The Army ultimately operates and sustains it for decades. If the project delivers late, proves unaffordable or fails to achieve its intended military effect, who is responsible for the outcome? VCDF Group who specified the requirement for the VCDF Group? The DDA that bought it? Or the Army, who is expected to fight with it?

The question becomes more difficult because acquisition never truly ends. Modern capabilities demand continuous software updates, cybersecurity improvements, retraining in artificial intelligence, digital integration and operational adaptation throughout their service lives. Long-range strike systems, integrated air and missile defence, autonomous platforms and multi-domain command and control

architectures are all living capabilities rather than static equipment purchases. Ownership, therefore, does not conclude when a contract is signed or initial operating capability is declared. Someone must retain genuine end-to-end responsibility for delivering military effect throughout the capability's life.

Perhaps the most significant implication of these reforms, however, lies in what they reveal about Defence governance itself. For decades, Defence has been understood through the familiar language of the diarchy: the Secretary managed the department while the Chief of the Defence Force commanded the military. Capability development occupied the space between them. The new structure now potentially tells a different story.

Whether Defence continues to describe itself as operating under a diarchy is becoming almost irrelevant. Functionally, authority is now distributed across multiple agency heads, capability executives and reporting chains. That may well prove to be exactly the architecture required for

delivering capability at the speed demanded by contemporary strategic competition.

But dispersed authority only succeeds when accountability becomes sharper, not weaker. That is the central challenge facing the DDA. If the reforms merely redistribute responsibility without clearly identifying who owns capability from concept to disposal, Defence risks replacing one form of dysfunction with another. Organisations can become highly efficient at managing individual stages of capability, while no one remains accountable for the outcome that actually matters: delivering integrated combat power to the warfighter.

Minister Conroy is right. The reforms are about restoring accountability. The question now is whether Defence can demonstrate, in practice rather than on an organisational chart, exactly where that accountability begins, where it ends and who ultimately carries it. Because unless Defence can answer the simple question of who owns capability, the promise of reform will remain shallow. **DTR**