



Australian Government
Department of Defence

Office of the Secretary

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CANBERRA ACT 2600

MS19-000501

Senator the Hon Eric Abetz
Chair
Senate Standing Committee on Foreign Affairs Defence and Trade (Legislation Committee)
Parliament House
CANBERRA ACT 2600

Dear Senator Abetz

At the Supplementary Budget Estimates hearing of 19 October 2016, the Department of Defence agreed to provide the Committee with a summary of progress made against the recommendations made by the First Principles Review team ahead of future estimates hearings. Defence is next scheduled to appear at the 2019-20 Budget Estimates hearing in April 2019.

The First Principles Review produced a roadmap for Defence reform over a five year period, 2015 – 2020. To date, 73 of the 75 agreed recommendations have been implemented. Since the last update was provided in February 2019, recommendations 3 and 3.3 have now been completed. For further information about this matter, my departmental point of contact is:

Ms Megan Lees
First Assistant Secretary, Governance and Reform

I trust this information will be of use to the Committee.

Yours sincerely

Rebecca Skinner
Acting Secretary

22 March 2019

Enclosure:

1. Status of First Principle Review Recommendations – Open

Status of First Principles Review Recommendations – Open (not yet completed) recommendations as at 22 March 2018

Rec. #	Wording of Recommendation	Date Completed	Key Activities Undertaken to Complete Recommendation
2	Establish a single end-to-end capability development function within the department to maximise the efficient, effective and professional delivery of military capability	OPEN	Key recommendation 2 has not yet been completed, as recommendation 2.4 remains open.
2.4	Examining each System Program Office to determine where each fits within the smart buyer function, the most appropriate procurement model and achieving value for money	OPEN	<p>This recommendation has not yet been completed. However, Defence has made significant progress in this area. It has reviewed the structure and operation of all Systems Program Offices, and an ongoing reform program is now in place to implement changes identified during the Systems Program Office review.</p> <p>A Systems Program Office is considered to be reformed when it has the most appropriate commercial model and most appropriate workforce size in place. Due to the nature of acquisition and sustainment activities undertaken within each Systems Program Office, what is most appropriate is varied. The timeframe that each reform will be implemented within also varies, based on factors such as the remaining life of the capabilities involved and the length of time before existing commercial contracts expire.</p> <p>As part of this reform program, Defence has consolidated from 78 to 62 Systems Program Offices. Of these, 26 per cent (16) are now considered to be reformed. This is expected to increase to 55 per cent by June 2019 and 90 per cent by June 2020, with all existing reforms to be completed by June 2023.</p> <p>Each Systems Program Office will be introducing a continuous improvement program. Defence expects to be able to close the outstanding First Principles Review recommendations relating to Systems Program Office reform after June 2020.</p>