

Joint Standing Committee on Foreign Affairs, Defence and Trade

Review of the Defence Annual Report 2015-16 – 17 February 2017

ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Overview of Strategic Reform currently being Implemented

Question reference number: 20

Senator: Reynolds

Type of question: provided in writing

Date set by the committee for the return of answer: 28 March 2017

Question:

CHAIR: Can Defence provide an overview of all strategic reform currently being implemented, including:

- how reform is being coordinated and deconflicted across the programs
- implementation plans for the reform, included the metrics being used to measure change and examples of changes to work processes or similar functional adjustments
- how organisational culture is being adjusted to institutionalise the desired reform end-state.

Answer:

Overview of all strategic reform currently being implemented.

The First Principles Review is Defence's enterprise-wide reform program. The Review proposed substantial change across Defence to ensure it can deliver on the plans in the 2016 Defence White Paper. The Government agreed or agreed in-principle to 75 of the 76 recommendations. The focus of the First Principles Review was on ensuring that Defence is fit for purpose, is able to respond to future challenges and deliver against its outputs. Defence is at its final formal implementation phase of the First Principles Review and is focusing on embedding the intent of the Review into everyday business to ensure sustainability of the reform. As at 30 March 2017, 59 recommendations have been finalised.

Question (a): How reform is coordinated and deconflicted?

Implementation is managed through five work streams, which have been established to deliver the First Principles Review recommendations:

- Strategic Centre;
- Capability Life Cycle;
- Enablers;
- Workforce; and
- Behaviours.

Each work stream has a senior Defence leader as the 'owner', accountable to the Secretary and the Chief of the Defence Force for successful implementation.

The First Principles Review Implementation Committee, headed by the Secretary and the Chief of the Defence Force, meets weekly to set the direction, provide drive and is the decision-making body for the delivery of the Implementation Plan.

The First Principles Review Oversight Board provides advice to Government on the implementation of the First Principles Review recommendations. The Oversight Board is independent of the department and consists of the five original Review team members, plus Erica Smyth. The Board's role is to provide advice to the Minister for Defence on the progress Defence is making in implementing the First Principles Review.

The First Principles Review Implementation Office provides support to the Implementation Committee and the Oversight Board to effect change and ensure implementation is aligned with the intent of the recommendations. The Implementation Office is responsible for the coordination of the implementation plan, governance, reporting and corporate wide communication of the implementation program.

Question (b): Implementation plans for the reform included the metrics being used to measure change and examples of changes to work processes or similar functional adjustments?

A detailed implementation plan was developed which included activities that would need to be implemented in order to achieve the 75 agreed or agreed in principle recommendations of the First Principles Review. The plan was developed in consultation with work stream owners, the Implementation Committee and the Oversight Board. The implementation plan is continually monitored by the Implementation Committee.

Examples of changes to work processes include:

- A new approach to Senior Executive Service performance agreements has been implemented to reinforce the agreed leadership behaviours, with the performance assessment of the Senior Executive Service officers over the next two years weighted towards behaviours.
- How Defence manages and develops its estate is aligned to Defence's force design, capability life cycle and Integrated Investment Program. This is reflected throughout Defence's recently published Estate Strategy,

Implementation Plan and Estate Profile. In addition, all estate management is aligned with the new Capability Life Cycle accountability and responsibility model.

- The Smart Buyer decision-making framework supports project managers in developing tailored approvals, project management, acquisition and sustainment strategies based on a thorough analysis of the risk profile of each project. It has the agility to be refined as new information becomes available and uses industry best practice to strike the optimum balance between performance, time and cost.

Question (c): How organisational culture is being adjusted to institutionalise the desired reform end-state?

A key focus of First Principles Review implementation is behavioural change. Many activities are underway to change behaviour including focusing on strengthening accountability of the Senior Leadership Group and ensuring that decision making meets the needs of Defence as a whole and delivers Government objectives.

Significant achievements to date include:

- All Senior Leadership Group members have a Role Charter clearly outlining their individual accountabilities.
- One Defence Leadership Behaviours have been developed and integrated into Defence leadership courses and performance management frameworks (at the Senior Executive Service level).
- All Senior Leadership Group, including Senior Executive Service and Star Rank members have participated in a 360° feedback process.
- An 'upward feedback' program has been introduced for Australian Public Service and Australian Defence Force members, including Senior Executive Service and Star Rank members.
- A leadership program for Executive Level staff *Leading for Reform* continues to be delivered.