

Status of First Principles Review Recommendations – Open (not yet completed) recommendations as at 31 December 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>

Rec. #	Wording of Recommendation	Date Completed	Key Activities Undertaken to Complete Recommendation
3	Fully implement an enterprise approach to the delivery of corporate and military enabling services to maximise their effectiveness and efficiency	OPEN	Key recommendation 3 has not yet been completed, as recommendation 3.3 remains open.
3.3	The Government amend the <i>Public Works Act 1969</i> to set a \$75 million threshold for referring proposed works to the public works committee, and re-consider recent adjustments to the 2015-16 budget operational rules that run counter to more efficiently managing investment spending	OPEN	<p>Defence has worked and continues to work with the Department of Finance and the Public Works Committee to progress this recommendation. However, Defence notes that the changes required to close this recommendation are not within its authority.</p> <p>Steps that Defence has taken to address this recommendation include:</p> <ul style="list-style-type: none"> • working with the Department of Finance, as the agency with policy responsibility for the <i>Public Works Act 1969</i>, on how best to proceed with increasing the referral threshold. • engaging the Public Works Committee directly through the Vice Chief of the Defence Force and the Associate Secretary, and also separately briefing the Public Works Committee on implementation of the Capability Life Cycle, application of the Smart Buyer Framework, the role of contestability, and a risk-based approach to the development of Defence facility investment proposals.