



**Senator the Hon Linda Reynolds CSC  
Minister for Defence**

**SPEECH**

**Launch of Defence Transformation Strategy**

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*\*\*\*E&OE Check against delivery\*\*\**

Good morning ladies and gentlemen. Thank you Katherine for your kind words of introduction. I acknowledge the Ngunnawal People, the Traditional Owners of this land, and I pay my respects to their Elders, past and present.

As Minister for Defence, I also pay my respects to Aboriginal and Torres Strait Islander men and women who have contributed so much to the defence of Australia, both in times of war and peace.

I am delighted to be here once again with the Defence Senior Leadership Group – whether that be here in person within Adams Hall, or if you are attending virtually through streamed video.

I especially wish to acknowledge the participation of the Defence and Strategic Studies Course, which is joining us today by video. As a Course Alumni, I know first-hand the tremendous benefit and value of the year that you have spent together. I thought it important that you're here today, because as graduates, you will have influential roles in leading and shaping Defence for the 21st century.

A special and a very warm welcome to the international course members. I trust you have learned a great deal about Australia during your time on your course, just as I know from my own experience that your presence and wisdom will have enriched your Australian colleagues.

I also sincerely thank the Institute of Public Administration Australia for livestreaming my speech this morning.

The Institute's thought leadership and strengthening of our public sector is highly valued. Ideals that are entirely complementary to the work that I am launching here today.

But before I do so, I would like to acknowledge that this has been a very difficult few weeks for the ADF and but also for Defence, and the broader Defence and veteran communities. And there are still some very challenging times ahead for us all.

I don't wish to say anything more about it here this morning, other than to reinforce a simple message. A strong and resilient Defence organisation can – and will continue – to deal with the big challenges, and be better for it.

Ladies and gentlemen, my job as Minister for Defence is to see the world as it really is, not as we wish it still to be. This lens ensures the ADF is prepared and equipped to deliver the capability our nation requires – today and into the future.

17 months ago when I was appointed Minister, I set three priorities for the Defence portfolio: the first is strategy, the second is capability, and the third is reform. These three priorities underpin all aspects of Defence's performance, its planning and its activities.

The Defence Strategic Update and the Force Structure Plan – together – address the first two of my priorities – strategy and capability. Reform is their natural and the necessary facilitator as its companion.

The fact for us all today is this, is that changing circumstances are a reality for all Australians, and not just for Defence. We are all having to recalibrate our thinking, our systems, our institutions, and indeed our very lives. History has shown over and over again humanity's capacity to adapt and to evolve. A fast moving world means more demands are being placed on this capacity. Making it even more challenging to do all the things that we must as a society and also as a Defence.

This year our nation's attention has rightly been focused on the challenges of responding to the COVID-19 pandemic. However, our strategic circumstances were changing and deteriorating well before then.

You're all very well aware of what's happening in our region, the Indo-Pacific: Countries are modernising their militaries and accelerating their preparedness for conflict. New weapons and new technologies are transforming the characteristics of warfare. Some nations are increasingly employing coercive tactics in the grey-zone, which directly impacting on our sovereignty. Great power competition is causing the most consequential strategic realignment since the end of World War Two.

As the Prime Minister observed this week: “A new era of geopolitical competition is now underway ... a form of geopolitical contest ... that [is] different to the Cold War.”

Ladies and gentlemen, these are the strategic circumstances now facing our nation. Circumstances that call on the expertise, the resilience, and the adaptability of each and every Defence public servant and each and every member of the ADF – together – as One Defence.

Our military history is replete with examples of the agility and the innovation of Australian men and women on operations. Qualities once again drawn upon this year. As bushfires swept across our country – Defence was there – helping so many Australians in so many stricken communities through Operation BUSHFIRE ASSIST. And then just as the fires abated, COVID-19 came ashore in Operation COVID-19. Again, Defence responded deftly, professionally, and simply magnificently.

In undertaking these domestic operations, Defence did not diminish its warfighting capability or compromise its core mission. So when I reflect on Defence’s agility this year, I know it can – and I know it must – step up again in new ways to meet the raft of challenges facing our nation - now and into the future.

The 2020 Force Structure Plan demands Defence work faster and smarter than ever before. This plan comes with enormous financial responsibilities – and also enormous expectations – that taxpayer dollars will be spent wisely, they will be spent strategically, and spent in our nation’s interest.

More than 400 capability decisions have been made by Government in recent years. Since I became Minister, Government has made over 110 capability decisions worth over 15 billion dollars. But with 270 billion dollars of capability being acquired over the next decade alone – we must get better – much better – at delivering and sustaining our capability.

The Government has met its commitment to growing the Defence Budget to two per cent of GDP. Defence’s funding has now been decoupled from GDP, avoiding the need to regularly adjust plans and also our purchases in response to GDP fluctuations. The Government has agreed to a long-term funding model, providing certainty for Defence planners and defence industry.

\$575 billion dollars – over half a trillion dollars – has been allocated to Defence over the coming decade. I cannot impress upon you enough – how hard this was fought for. And how quickly it can go – if we do not manage it well.

The investment reflects the Government’s concern about our region’s deteriorating strategic situation. It also reflects my – and the Government’s – confidence that Defence can transform to deliver what you have all been entrusted to deliver.

As you are all well aware, Defence's focus now is on three strategic objectives. To shape, deter and respond.

The questions for us here are these: is Defence best-positioned to execute the strategy? Is Defence best-placed to deliver the capability across more than 190 major acquisition projects?

I think it's safe to say there's a strong collective will and determination. But at the same time, we all know there is much work to do – and very little time to achieve it.

Work needs to be done to improve Defence's capacity to develop and employ capability while retaining the ability to adapt further. Work must be done to ensure that all contracts are entered into and managed wisely and also managed transparently. Work must also be done to enhance Defence's ability to operate as a single enterprise with a truly strategic centre.

A Defence enterprise functioning as a fully joined-up and high performing entity. Not simply just single Services supported and enabled by interlinked Defence Groups. To invoke Sir John Monash's imagery, Defence needs to perform as an orchestra, playing to the same song sheet.

Ladies and gentlemen, given our strategic circumstances, continual improvements must be made to the large and complex machine that is the Defence enterprise. And these improvements come through my third priority and that is Reform.

Strategic leadership is synonymous with change leadership. The challenges that demand change are quite often matched – or even surpassed – by the challenges of the change itself. From my experiences – in both the Army and in politics – I've learned three things about reform:

First that it tends to be reactive to problems and criticism, typically driven by an external stimulus – a burning platform. Second, reform often has to row full crew – against apathy and against resistance. And third, reform tends to happen unevenly across an organisation.

So, what do I mean by reform?

When I say reform, I mean continuous transformation. Big, deliberate, ongoing change: change in business-as-usual; change in thinking; change in ethos; and change in outcomes.

Transformation is not about homogenizing Defence and service culture.

However, continuous transformation is about: Defence becoming a single, strategy-led and centrally-directed organisation. Becoming even more effective in responding to an uncertain and volatile external environment. Becoming more adaptable to

strategic and technological trends. And becoming a more agile and proactive organisation.

Each of you, and each of your teams, uniquely contribute to Defence's strategic objectives. To shape, to deter, and to respond. Your individual and collective efforts toward the Defence mission are at the heart of this reform process. The outcomes of which I am very pleased to announce this morning.

To Secretary of Defence, Greg Moriarty, Chief of the Defence Force, General Angus Campbell, Associate Secretary, Katherine Jones, Vice Chief of the Defence Force, Vice Admiral David Johnston, And the brilliant team so ably led by Tom Clarke. And of course to my own team, and in particular David Mulhall, for your passion and your commitment to make today a reality.

I thank you all most sincerely for your leadership and for your support in developing this important package of work.

The Defence Transformation Strategy sets out the vision but importantly it also sets out the framework for Defence's journey of continuous transformation.

One of the key points I want to leave with you is this. This is a strategy developed by Defence – for Defence.

Defence must embrace its own strategy. Defence must own this challenge – intellectually, culturally and practically. And as Defence's senior leaders, you are the champions and guides of this strategy – for the organisation, for your own people and for our nation.

The strategy acknowledges that large-scale transformation necessitates cultural change. And that our Defence people will be the source of – and the reason for – our success. This strategy sets the conditions for success.

It does this by providing the vision and the framework for long-term, enterprise-wide transformation. One that continually assesses, and also adjusts, Defence's strategic purpose and its performance; its organisational behaviour; its structural fit; and its governance and accountability frameworks.

Let me be very clear. Transformation is not about start and stop activity. Activity defined by fixed end-states, by time, by structure and by output. Instead, what this strategy is all about – it is a continuous journey through a series of "way points". Way points that keep adapting to changes in our strategic circumstances and also to rapid technological change.

The Defence Transformation Strategy – as its start point – details three significant work packages. Firstly, a Continuous Improvement Culture. Secondly, an Enduring Transformation System. And thirdly, Priority Reforms.

These three work packages, over time, will fundamentally change the way Defence works. They will ensure that Defence continues to evolve and adapt over time as One Defence. Since the 2015 First Principles Review, Defence has changed and it has enhanced its structures – its governance arrangements – its accountabilities – and its processes and systems – to a more mature One Defence system.

The goal now is to embed One Defence in both philosophy and also in practice. I would like to talk a bit more now about each of the three packages.

The first work package – A Continuous Improvement Culture – has three initiatives. The first is Embedding Defence Values and Behaviours.

Responding to our strategic circumstances and delivering on Government's agenda hinges on our people. How you work, behave, interact, think, adapt and lead. Across the Services, across the organisation, you, together, have already reached common ground on a unifying set of values – Service, Courage, Respect, Integrity and Excellence.

This I think is extremely significant. Your contribution to this initiative demonstrates your broader commitment to Defence reform. For that I thank you.

The second initiative in the first work package is Evolving Defence's Accountability Framework. Accountability in Defence has improved in recent years – particularly through capability being managed as programs, not as individual projects. But I think everyone in this room knows that there is still plenty more to be done.

It is timely now to update and clarify accountabilities to support decision-making, problem-solving and risk-management by all of you as our senior leaders. A baseline review of all SES and Star Rank accountabilities will be undertaken to examine responsibilities, authorities, performance measures, and also allocated resources.

The third initiative in this first work package is Becoming a more data-informed Defence organisation. Under this initiative, Defence will adopt a far more disciplined and deliberative approach – to how information is collected, stored, analysed and how it's utilised. A Defence Data Strategy will be released next year to guide data management and improve data literacy.

I now turn to the second work package: Establishing An Enduring Transformation System. Defence's capability and sustainment planning must now drive Defence's enterprise and business planning.

Defence's continuous transformation is contingent on enterprise business reform – we simply cannot do it without it. To deliver this, Defence will therefore develop and embed a new Business Transformation Cycle. This cycle will focus on enterprise-level business planning and genuine enterprise-level risk.

The Investment Committee directs the Defence Capability Assessment Program. In the same vein, the Enterprise Business Committee must drive and govern all reform activities within defence. This also means improving Defence's business practices, systems and service delivery.

I now turn to the third work package – our Priority Reform Areas. Defence exists to deliver military capability. Without capability, our strategy to shape the environment and deter aggression will simply not be possible.

Under the Drive improved Capability Delivery initiative – Defence capability will be delivered through clearer and more streamlined acquisition processes. This reform will enable Defence to better demonstrate to Australian taxpayers that it is effectively managing its assets in service. And critically, it will enable Defence to meet capability delivery milestones. Key to achieving this will be clarifying and strengthening accountabilities of Capability Managers and Corporate Enabling Groups.

The next initiative in the third package is Strengthening Defence's approach to Australian Industry Capability. The Government is committed to seeing more Australian companies involved in delivering and sustaining world-class capability to our ADF. We must further develop our sovereign industrial base.

We must make it more robust and more resilient - with greater international competitiveness and export potential. Innovation and Australian science and technology are of course integral to this. To that end the Defence Science and Technology Strategy 2030 has been released, and is already further enhancing that collaboration.

Now to the next initiative in this third package: Adopting a strategic approach to Defence enterprise resilience. Under this initiative, Defence will embrace and embed new ways of working to bolster enterprise productivity, bolster effectiveness and also resilience.

The Improving Defence's Strategic Workforce Planning, Learning and Management initiative will best manage the growth in Defence's workforce budget. This integrated workforce concept will form the basis of a new Defence Strategic Workforce Plan to be released next year.

Now to an initiative that will underpin our transformational success – Instituting an improved Enterprise Performance Measurement and Reporting Framework. Defining

and measuring strategic performance in a meaningful, consistent and transparent way is absolutely crucial. Because measuring performance increases transparency. And transparency to the Australian Parliament and the Australian people is a central tenet of our liberal democracy. In this initiative Defence will: establish longitudinal benchmarks for better predictive information; better identify and assess enterprise risk; and report on directed outcomes, rather than processes.

The last initiative in this work package is Improving our Engagement and also our Communications.

Last year, the Prime Minister stated that all Australians need to be at the centre of APS service delivery. That all public servants must have a clear line of sight between what they're doing and the Australian public.

Transparent communication about Defence's activities is essential for maintaining Australians' trust. And that is never more true than it is today. And Defence must also get better – much better – at explaining why and how Defence is acquiring, developing, sustaining and employing capabilities.

In conclusion, I say to all of you here today, embracing and implementing the Defence Transformation Strategy is each of your responsibilities. No matter your location, your position or your rank.

Continuous transformation is essential for building Defence's capacity to respond to a more uncertain geostrategic environment – and to respond to rapid technological change. It is about getting the right things done, in the best possible way, in the best interests of our nation's defence.

It is also about transparency of all Australians through the Government and through the Parliament.

Ladies and Gentlemen – this is a strategy developed by Defence for Defence. Work that must be – and will be – led by Defence's Strategic Centre.

This is our duty to our fellow Australians. Defence has the strategy. Defence has the plan. And Defence has the funding to meet everything our nation is asking of us and I have every confidence that Defence is capable of delivering.

Thank you.

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