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Part 1: Introduction

1. The Strategy Framework describes how Government guidance and direction on strategic policy is delivered across the Defence enterprise, including in relation to military capability, preparedness, investment, organisational capability, international engagement and corporate planning.

2. The Strategy Framework is a key element of Defence enterprise performance management. It sets requirements to provide and maintain alignment of Defence strategy, funding and capability. It also supports Government decision-making in relation to strategic Defence policy.

3. The Strategy Framework comprises a number of foundation documents which provide strategic direction within Defence to pass guidance from Government across Defence. This document provides an overview of these key strategic guidance documents. It also sets out how the strong strategic centre within Defence supports the development, approval and implementation of strategic guidance within Defence.
Part 2: Role of the Strategy Framework

4. The Strategy Framework ensures Government direction on Defence strategy is provided across the Defence enterprise, and ensures the alignment between strategy, funding and capability. It is therefore an integral element within the Setting Requirements phase of Defence’s enterprise performance management architecture.

5. The Setting Requirements phase involves setting the strategic direction for Defence to deliver Government-directed outcomes and achieve the Defence Purposes as outlined in the Defence Corporate Plan. It culminates in the production of enterprise-level plans that detail the activities that must be completed and the performance standards that must be achieved during each financial year. The budget allocation for achieving these outcomes is detailed in the Defence budget.

6. The Strategy Framework’s place in Defence’s enterprise performance management architecture is set out in the box within the diagram below, titled ‘Aligning strategy, funding and capability’.


8. This Government policy direction guides and shapes strategic policy guidance, including Defence Planning Guidance and Australia’s Military Strategy. More detail on the strategic guidance phase is set out in Part 4.
Part 3: Government Direction


10. While the fundamentals of national security are enduring, security circumstances are subject to continual change at short notice. Therefore, Government can and does adjust policy to respond to changing circumstances. The Government can provide updated strategic direction to Defence through decisions of the National Security Committee of Cabinet or by decisions by the Prime Minister or the Minister for Defence.

Defence White Papers

11. Defence White Papers are Australia’s principal public policy documents regarding Defence. White Papers present the Government’s assessment of Australia’s strategic environment, long-term strategic direction and commitments for Defence, as well as setting out future capability requirements.

12. White Papers set out policy guidance following the examination of Defence’s strategy, capability and resources. They include policy guidance on strategy, capability, industry, innovation, posture, international engagement and our people. While White Papers are public documents, they are underpinned by classified Government documents considered by the National Security Committee of Cabinet.

13. The 2016 Defence White Paper provides a clear identification of the goals that Defence’s strategy must achieve in the form of three Strategic Defence Interests:

a. a secure, resilient Australia, with secure northern approaches and proximate sea lines of communications

b. a secure nearer region, encompassing maritime South East Asia and South Pacific (comprising Papua New Guinea, Timor Leste and Pacific Island Countries)

c. a stable Indo-Pacific region and a rules-based global order.
Integrated Investment Program

14. The Integrated Investment Program (IIP) provides guidance on capability development to build the future force and Defence capability goals of the Defence White Paper. As with the White Paper, classified details underpin the public version of the IIP.

15. The IIP brings together all capability-related investments, including platforms and systems; Defence estate, such as ADF bases, facilities and training areas; information and communications technology; science and technology; and workforce elements to meet the Strategic Defence Objectives identified in the Defence White Paper.

16. The IIP will be reviewed annually as part of the development of the Defence budget and will evolve in response to changes in Australia’s strategic circumstances, including capability priorities, and developments in technology.

Defence Industry Policy Statement

17. The Defence Industry Policy Statement (DIPS) sets out the key elements of the Government’s Defence industry policy:

   a. Delivering Defence capability. A more focused, coordinated and transparent relationship between Defence and industry is required to maximise delivery of Defence capability.

   b. A new approach to Defence innovation. Defence will transform the way it approaches innovation, streamlining its engagement with industry and academia, simplifying access to Defence research funding, and creating a seamless link between capability needs, smart ideas and innovation in Australian industry.

   c. Driving competitiveness and export potential. The Government will maximise opportunities for competitive Australian businesses, building export potential, depth of skills and diversification for the Australian defence industry.

   d. Cutting red tape. The Government will streamline tendering and contracting procedures, and rationalise the industry programs to cut red tape and make it simpler and less costly for Australian industry to support Defence – aligned with the intent of the First Principles Review: Creating One Defence.

18. The DIPS sets out the specific measures the Government will take to implement the Defence industry policy.
First Principles Review – Creating One Defence

19. The First Principles Review was commissioned by Government in 2014 to ensure Defence is appropriately structured and organised to meet future challenges. *The First Principles Review – Creating One Defence* identifies the requirement for a ‘holistic, fully integrated One Defence system’ established around ‘a Strong, Strategic Centre’ to strengthen accountability and top-level decision-making.

Budget Development

20. The Defence Budget is developed in accordance with Government policy direction. Effective internal budgeting processes contribute significantly to the achievement of Defence’s goals and objectives through the management of financial resources.

21. The Defence Budget allocation is detailed in the Portfolio Budget/Additional Estimates Statements and aligns with the purposes, activities and intended results set out in the Defence Corporate Plan.
Part 4: Strategic Guidance

22. To implement the policy direction from Government, more detailed and classified policy guidance is provided by a range of strategy policy documents within the Strategy Framework. These documents are prepared within Strategic Policy and Intelligence Group and develop guidance from Government into more specific advice to inform activity across the Defence enterprise.

Defence Planning Guidance

23. Defence Planning Guidance (DPG) is a classified policy document that expands on the strategic environment and provides guidance on the missions expected of the Australian Defence Force. Between the releases of White Papers, the DPG is Defence’s lead classified strategy document amplifying the policy guidance of the latest White Paper.

24. The DPG articulates the strategic priorities that guide Defence to produce the outcomes directed by Government and it takes into account the Government’s national security priorities, as outlined in the National Security Statement and through the annual national security priority and budget setting mechanisms. This ensures that Defence priorities are consistent with national security priorities. The Defence Strategic Policy Committee will consider proposed annual updates to the DPG.

Australia’s Military Strategy

25. Australia’s Military Strategy is a classified policy document that gives guidance to inform force posture, force design and operational planning. This is achieved by providing further direction to the ADF on the Strategic Defence Objectives. Australia’s Military Strategy is tightly aligned with the Defence Planning Guidance.

Quarterly Strategic Review

26. The Quarterly Strategic Review (QSR) provides advice on potential changes in Australia’s strategic environment and strategic-level issues that might arise within the next 3–24 months. The QSR examines whether a Defence response to these potential changes to our strategic environment is required, such as a change to force posture or readiness. As such, the QSR is used to provide ‘early-course correction’ for the Defence Planning Guidance and fine-tune and set near-term priorities for preparedness.
Annual Strategic Review

27. The Annual Strategic Review (ASR) provides advice on potential changes in Australia’s strategic environment and strategic-level issues that might arise within the next 2–5 years. Similar to the QSR, the Annual Strategic Review also examines issues that may require a ‘mid-course correction’ or change to force posture or readiness, in response to an emerging or changing situation.

Strategic Policy Statements

28. Strategic Policy Statements provide classified guidance to policy development on Australia’s strategic interests and priorities on specific issues, such as geographic areas, capabilities and operations. Strategic Policy Statements provide:

a. policy options, which often receive consideration at the higher levels of Defence and across Government

b. policy direction, or

c. a discussion document covering a range of issues to inform whole of government, like-minded allies or for internal Defence consideration.

29. From these high-level strategic documents other enterprise-level plans are developed, including the Chief of the Defence Force Preparedness Directive, the annual implementation plan for the Integrated Investment Program and the First Principles Review implementation plan. It also includes the development of organisational capability plans, such as the Strategic Workforce Plan and the International Engagement Plan.
Performance reports

30. The Defence Performance Report provides the Enterprise Business Committee, the Defence Committee and the Minister for Defence with an update of Defence’s achievement of the purposes and activities in the Defence Business Plan and other enterprise-plans (including the First Principles Review Implementation Plan, Defence Workforce Plan, the Integrated Investment Plan and the Chief of the Defence Force Preparedness Directive). The Defence Performance Report also monitors the Defence Enterprise-level Risks and provides Defence’s leadership team with the information they need to make decisions about Defence’s enterprise strategy and focus, including early identification of issues that may require their intervention.

31. The Defence Performance Report includes an enterprise assessment of Defence performance by purpose and activity, which covers an assessment of any risks to the achievement of the intended results set out in the Defence Business Plan. It also contains recommendations for action, which may require changes to resource allocations or adjustments to the priorities outlined in the Defence Business Plan.
Part 5: Role of the Strong Strategic Centre

32. The Strategic Centre is the senior management structure in Defence that sets priorities, manages resources and is responsible for steering Defence to implement the Government’s defence policies, including in relation to Defence strategy.

33. The Strategic Centre has the authority to set direction for all of Defence’s activities and will maintain close oversight of the delivery of strategy, development and capability, and the management of resources to achieve Government directed outcomes.

34. The Strategic Centre includes the following Senior Executive positions that comprise the Defence Committee, which is the primary decision-making committee in Defence:
   
a. the Secretary of the Department of Defence
b. the Chief of the Defence Force
c. the Associate Secretary—responsible for enterprise planning, performance and risk management and the integration of corporate enabling services
d. the Vice Chief of the Defence Force—responsible for championing joint capabilities and future force design (including preparedness settings and military strategy) and integrating military enabling services (such as joint logistics policy, joint health, joint education)
e. the Deputy Secretary Strategic Policy and Intelligence—responsible for policy, strategy, contestability, strategic risk and intelligence including the three Defence intelligence agencies
f. the Chief Finance Officer—responsible for financial control and assurance.

35. In addition to the Defence Committee, strategic decision-making committees in Defence include:
   
a. Enterprise Business Committee—chaired by the Associate Secretary
b. Investment Committee—chaired by VCDF
c. First Principles Review Implementation Committee—chaired by the Secretary
d. Strategic Policy Committee—chaired by the Secretary
e. Strategic Command Group—chaired by CDF
f. Defence Civilian Committee—chaired by the Secretary
g. Chiefs of Service Committee—chaired by CDF.