



THE HON. JOEL FITZGIBBON MP Minister for Defence

Saturday, 2 May 2009

GOVERNMENT REFORM TO DEFENCE SHARED SERVICES AND PROCUREMENT SUPPORT SERVICES

The Minister for Defence, the Hon Joel Fitzgibbon MP, announced today that, as part of the 2009 Defence White Paper, the Government will reform Defence shared services and procurement support services, such as financial and business support services, training, travel, catering, and other support services.

“Reform of these areas of procurement will be a cornerstone element of the Strategic Reform Program delivering a more efficient and cost effective range of services to Defence. These reforms have the potential to save approximately \$1 billion over the next four years in productivity improvements,” Mr Fitzgibbon said.

Defence currently spends around \$5 billion per annum on these support services.

Defence will improve, consolidate, centralise and standardise ‘like’ shared services, such as payroll, human resources and finance functions.

A new ‘centre of excellence’ will be created within the Defence Support Group to develop better buying and contracting practices, provide contracting advice and to standardise non-equipment procurement practices.

“To achieve the required outcomes of strategic reform, some hard decisions will need to be made,” Mr Fitzgibbon said. “I expect Defence to challenge the orthodoxies regarding demand and consumption policy as well as the current service delivery methodology.”

The emphasis will be on adopting a greater commercial mindset to guarantee productivity improvements and efficiency gains while providing the support vital for the Australian Defence Force of the 21st Century. This will require the introduction of a whole-of-Defence enterprise resource management system coupled with stronger governance arrangements to deliver improved

A Defence Force for the 21st Century

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performance management.

This will provide budget transparency, clearer lines of accountability, improved product costing, garrison support, estate management information, and personnel and financial support systems.

The 2009 Defence White Paper represents the most comprehensive statement on Defence ever produced. It affirms the Government's commitment to the defence of Australia, the protection of our sovereign interests and the security and stability of our region.

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