

Savings and efficiencies – key priority for Defence

A new efficiency and economy program is being implemented to identify up to \$10 billion to reinvest into higher priority activities in Defence over the next 10 years – thanks to the continued cost-saving efforts by all employees. Jack Foster spoke to Assistant Secretary Financial Governance, Dave Elson, about what this means for Defence.

An Efficiency and Economy Tiger Team has been set up within the Chief Financial Officer (CFO) Group, and will act as the gateway for the wide range of savings and efficiency proposals that have the potential to provide millions of dollars worth of savings.

In consultation with Groups, the team of four is responsible for analysing and reviewing information and ideas, then presenting to the Secretary and Chief of the Defence Force (CDF) detailed proposals on cost efficiency solutions that strive to meet Government requirements.

“The tiger team will be coordinating activities between the Groups, but will also undertake reviews of various ideas, functions and activities across the organisation, with the aim of identifying savings and efficiency opportunities,” Dave says.

“The team has been created to provide the best possible advice on all savings and efficiency measures, so the Secretary and CDF can make well-informed decisions on measures that will impact on Defence.”

Notwithstanding the Government’s commitment to the existing arrangements for three percent real growth, Defence faces significant financial challenges in areas such as the resource impacts of the Defence White Paper; personnel

and operating costs; and improvements to the management of capability projects, weapons, munitions and explosives.

The first round of savings has occurred with relatively minor disruption. Just recently, Service Chiefs, Group Heads and the Chief Executive Officer of the Defence Materiel Organisation, undertook initial assessments to see where efficiencies could be made – resulting in more than \$477 million being dispersed back into priority activities.

While Dave appreciates the early success, he is under no illusions about what is required for the task ahead.

“By necessity, the first tranche of savings was identified fairly quickly and, arguably, with relative ease. The next and more difficult task is finding the remainder of the savings to meet the Government requirement of \$10 billion over 10 years for reinvestment in higher priority Defence activities,” he says.

Dave says Defence is embarking on a new era of financial reform that will go a long way to instilling a culture of saving with all employees.

“Making these savings will not be easy. But we must change our culture so that each individual thinks about the most efficient and effective way of doing their job.

“Ultimately, this is an opportunity for us to better focus our attention, as well as our resources, on the activities and functions that matter. Savings from areas and functions that are no longer as important will be reinvested into higher priority activities.”

The post-Budget environment will see the Tiger Team take a more detailed and analytical approach to all cost-saving measures – a change from the pre-Budget congestion experienced just weeks ago.

“Before the Budget we had to identify a level of immediate savings to meet the Government’s requirements and some have described this process as a blunt instrument. In a post-Budget environment, it’s going to be a more considered and analytical approach,” Dave says

A mailbox has been established so that anyone working in Defence can present their own ideas. The team has already been responding to a steady flow of submissions – from dishwashing arrangements to sweeping reforms of our Information Technology systems. These suggestions are giving Dave and his team a look into where employees feel savings should be made.

Other submissions include investigating the use of electronic faxes; timed light switches for all buildings; review of business class travel arrangements; reducing the number of promotional items like coffee mugs and pens; replacing fleet cars with hybrid cars; and reducing the number of upgrades for all Microsoft products. Although only suggestions, Dave says many ideas will be helpful when preparing proposals for the Secretary and CDF.

“Some of the suggestions have been really useful. Although many of the suggestions are not new, they have a local spin on them, which makes them real and the input is valuable in the overall savings and efficiency context,” he says.

Defence is by no means alone during this time of financial reform. Savings are being realised across the whole of Government, in all areas of spending. It’s going to be a collaborative approach from all Defence employees, which will see us meet our 2018 goal.

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