

Cure less severe than diagnosis in review

MARK THOMSON



ANY official report released late in the afternoon on the Thursday before Easter must be worth a read. The Defence Management Review is no exception.

Commissioned by the Government in August last year, the review was conducted by a small external team led by ex-Esanda managing director Elizabeth Proust. The resulting report paints a sobering picture of a \$22-billion-a-year bureaucratic leviathan where accountability is confused, efficiency is ignored and personnel management is antiquated. More surprising still, the report also identifies unresolved tensions between the Defence Minister and his department.

But while the diagnosis is chronic, if not acute, the prescription offered is measured. Of the report's 53 recommendations, only a small number will lead to concrete action in the near term. Others call for further reviews and studies, and some are little more than motherhood statements. Nonetheless, some significant changes can be expected within the next year.

Management of Defence's long-ailing IT infrastructure will be revamped by appointing a new high-ranking chief information officer to oversee the development of an integrated enterprise-wide system. Similarly, personnel management will be dragged into the present day by creating a new HR policy centre headed by a yet-to-be-recruited HR expert. Both appointments will be made at a level equivalent to that of a military service chief.

There's also a range of measures designed to provide the minister with accurate and timely advice, including the creation of a larger unit within Defence to co-ordinate ministerial interactions. No doubt, the minister will be hoping that this will end the series of incidents — from children overboard to Kovco — that have seen the Government compromised through faulty advice from the department.

The boldest recommendation in the report is to divide the roles and responsibilities of the presently co-joint heads of the organisation — the diarchy of the secretary and the Chief of the Defence Force (CDF). While this might look like common sense, it was rejected by the Government with good reason. It's better to have two people acting as one — no matter how awkward that might be — than to have an organisation divided in two.

What the Government did agree to was the establishment of a mega-office to support the secretary and the CDF. Headed by yet another service chief-level appointment, the new office is intended to free up the secretary and the CDF from day-to-day matters so that they can focus on providing strategic leadership to the organisation. This has the potential to make a positive difference, provided it does not become yet another level of management in an organisation already well-endowed with bureaucracy.

Several important issues are left for further study. Defence's labyrinthine internal committee system is to be reviewed, and its complex and overlapping business processes are to be mapped. On the latter, the report is inexplicably silent on what sort of business model Defence should employ. The unresolved question is the extent to which the service chiefs should be given control over the resources needed to deliver what they are nominally accountable for. This is a critical omission.

Equally absent is any recommendation on how to drive efficiency in an organisation flush with taxpayer dollars. Perhaps that's because driving efficiency has more to do with the way the Government deals with Defence than with the machinations within the organisation. The first step should be for the Government to give Defence some clear performance goals and a set budget to deliver them within.

Yet, for all it did not do, the Defence Management Review will move the organisation in a positive direction. If nothing else, it will provide a basis for more far-reaching changes in the future. Perhaps intentionally, it leaves a lot to be decided by those in charge. In doing so, it provides an opportunity for the secretary and CDF to lead reform rather than step through a prescriptive implementation. Ultimately, success or failure will depend on the drive and energy that they bring to the task. Let us hope that they are bold, because the report they have as a template is not.

Mark Thomson is defence analyst at the Australian Strategic Policy Institute (ASPI). These are his personal views.



Team leader: Elisabeth Proust