

PROGRAM 6: SUPPORT COMMAND

OBJECTIVE

To support the operational capabilities of the ADF through the provision of materiel support.

DESCRIPTION

The Program Manager is the Commander Support. The Program comprises five Sub-Programs: Executive ¹; Logistic Operations - Navy; Logistic Operations - Army; Logistic Operations - Air Force; and Emergency Management Australia.

PROGRAM SUMMARY

Since becoming operational and replacing the previous three single-Service logistic/support command headquarters, Support Command Australia has restructured to establish single materiel support responsibilities for the sea, land and air environments. Gaps and overlaps in the previous three single-Service logistic systems are being rationalised progressively by measures such as the establishment of single organisations responsible for common commodities such as ammunition and fuel.

The integration of Defence logistic business processes and logistic information systems is central to the reforms being pursued by Support Command Australia. A range of projects intended progressively to deliver this outcome have been initiated. For example, the evaluation stage of the Defence Integrated Distribution System project has been completed. This project aims to develop a more efficient storage and distribution system for Defence to improve responsiveness, reduce expenditure and encourage greater involvement by industry.

In recognition of the cultural change necessary to match its extensive structural change, Support Command Australia is conducting a major leadership development and culture-building program.

PERFORMANCE MEASURES FOR 1997-98

Support Command's performance was measured by the extent to which:

- a. materiel support allowed maritime, land and air operations and functions to be conducted effectively and efficiently;
- b. materiel support contributed to ADF equipment availability and materiel preparedness;
- c. the Program implemented the Defence Reform Program; and
- d. the emergency management capabilities of the states and territories were enhanced and their respective communities were aware of, prepared for and able to cope with, disasters.

¹ The Executive Sub-Program includes joint logistics functions which, in the 1997-98 Budget and Additional Estimates, had been a separate Sub-Program.

1997-98 PERFORMANCE AGAINST FORECAST

Establish Support Command and its associated Program

Support Command Australia was established on 1 July 1997 comprising a joint headquarters; Navy, Army and Air Force components; a Joint Logistic Systems Agency; the Australian Ordnance Council; and Emergency Management Australia.

Establish service-level agreements between Support Command and its clients

Consistent with the move to output-based budgeting and management, service-level agreements specifying the funded levels of materiel support required by Support Command Australia's clients cannot be established until current work on developing Defence output performance levels (in terms of quantity, quality, cost and time) is completed during FY1998-99.

Implement the Defence Reform Program, including through the commencement of a program of rationalisation and market testing

An extensive program of rationalisation of the provision of materiel support is well under way. Support Command (Navy) has assumed responsibility for materiel management of all ADF ammunition, fuel and marine craft. Support Command (Army) is responsible for materiel management of all ADF distribution, ground mobility platforms and systems, combat communications, workshop equipment, information technology hardware, business machines, office requisites and clothing. Support Command (Air Force) is responsible for materiel management of all ADF aviation, laboratory and test equipment and air traffic control equipment.

Measures to reduce the book value of the Defence inventory and the level of inventory items held by Defence are being pursued through projects which are directed at establishing a revised Defence Supply Chain Management System; a Defence Inventory and Purchasing Segmentation Framework; additional vendor-held stock, direct-vendor-delivery and forward-purchasing agreements; and a Defence Integrated Distribution System. This will enable the management and procurement of Defence inventory items and repairable items in accordance with their criticality, availability, usage and value.

A review was undertaken to identify those military positions within the Program that could be civilianised, and the existing program of market testing of non-core functions was widened to include new activities. The program now covers the testing of over 4500 positions. The timetable for completion of programmed market testing has also been accelerated, with the target for completion of testing now being December 2001.

Improve whole-of-life support, through the implementation of Integrated Logistics Support for the management of ADF equipment fleets and continued implementation of Life Cycle Costing

A project has been initiated by the Joint Logistic Systems Agency to establish a common process to address through-life support arrangements, including integrated logistic support, life-cycle costing and logistic support analysis.

RESOURCES

Table 6.1: Defence Function Outlays Summary

<i>Sub-Program</i>		<i>1997-98 Budget Estimate</i>	<i>1997-98 Revised Estimate</i>	<i>1997-98 Actual Outcome</i>	<i>Variation (97-98 Actual less Revised Estimate)</i>	
		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>%</i>
6.1	Executive	0	25.5	10.0	-15.5	-60.9
6.2	Logistics Operations - Navy	812.8	608.9	656.5	47.6	7.8
6.3	Logistics Operations – Army	676.5	625.3	616.3	-9.0	-1.4
6.4	Logistics Operations – Air Force	675.9	729.0	763.6	34.5	4.7
6.5	Emergency Management Australia	11.2	11.2	10.9	-0.3	-2.4
Program Total		2,176.4	1,999.9	2,057.2	57.3	2.9

Note:

Figures may not add due to rounding.

Table 6.2: Staffing Summary

<i>Sub-Program</i>		<i>1997-98 Budget Estimate</i>	<i>1997-98 Revised Estimate</i>	<i>1997-98 Actual Outcome</i>	<i>Variation (97-98 Actual less Revised Estimate)</i>	
		<i>Personnel Numbers</i>			<i>%</i>	
6.1	Executive	0	55	115	60	109.1
6.2	Logistics Operations – Navy	6,004	2,723	2,755	32	1.2
6.3	Logistics Operations – Army	6,349	4,854	4,425	-429	-8.8
6.4	Logistics Operations – Air Force	3,248	4,268	4,253	-15	-0.4
6.5	Emergency Management Australia	63	63	63	0	0.0
Program Total		15,664	11,963	11,611	-352	-2.9

Table 6.3: Staffing Profile

<i>Personnel</i>		<i>Sub-Program</i>					<i>Total</i>
		<i>6.1</i>	<i>6.2</i>	<i>6.3</i>	<i>6.4</i>	<i>6.5</i>	
Permanent Force	97-98 Budget	0	3,043	2,481	2,488	0	8,012
	97-98 Revised	49	524	1,672	3,459	0	5,704
	97-98 Actual	49	524	1,641	3,459	0	5,673
Reserves	97-98 Budget	0	530	459	0	0	989
	97-98 Revised	0	530	459	0	0	989
	97-98 Actual	0	578	76	0	0	654
Civilian	97-98 Budget	0	2,431	3,409	760	63	6,663
	97-98 Revised	6	1,669	2,723	809	63	5,270
	97-98 Actual	66	1,653	2,708	794	63	5,284
Total	97-98 Budget	0	6,004	6,349	3,248	63	15,664
Personnel	97-98 Revised	55	2,723	4,854	4,268	63	11,963
	97-98 Actual	115	2,755	4,425	4,253	63	11,611

1997-98 Defence Reform Program Progress

Support Command was established under the Defence Reform Program to deliver logistic support to the ADF in an efficient and effective manner. Support Command has commenced implementation of the Defence Reform Program through a program of rationalisation and market testing.

Major initiatives have included implementation of market testing outcomes in the Albury/Wodonga Military Area, Hunter Valley, Orchard Hills and Newington. Associated market testing activity in the Liverpool Military Area and at Puckapunyal Logistic Battalion for garrison support initiatives has also contributed to cost savings.

Table 6.4: 1997-98 Defence Reform Program Savings

<i>Category</i>	<i>Personnel Savings</i>		<i>Savings</i>
	<i>ADF</i>	<i>APS</i>	<i>\$m</i>
Logistics	88	632	14.0
Provision for contractor support			-9.5
Total	88	632	4.5

Table 6.5: 1997-98 Defence Reform Program Reinvestment

<i>Category</i>	<i>\$m</i>
Reinvestment in Capability-Related Logistics	
Collins Class Submarine batteries	11.4
Additional costs associated with B707	11.0
Support to Lead-In Fighter project	9.0
Naval Aviation	8.0
Additional C-130E servicing	7.2
Land Force fresh rations and Combat Ration Pack	7.0
Ship safety repairs and modifications	6.9
Support of <i>Restructuring the Army</i> task force trials	6.0
Sub surface weapons (anti-submarine warfare)	5.9
General aviation support	5.3
Weapons engineering systems repairs	4.6
Olympic counter terrorism items	3.7
Land Force petrol, oil and lubricants	3.5
Land Force mobility and communications repair and spares	3.5
Land Force equipment repairs	3.0
Maritime Logistics Squadron	2.3
Land Force move to northern Australia	1.7
C-130 long range fuel tanks	1.5
Land Force clothing	1.2
HS748 Fleet Logistic Support	1.0
Caribou aircraft repair and overhaul items	0.8
Sub-Total	104.5
Net Personnel and Operating Costs of New Capabilities	
Collins In Service Support	14.7
Amphibious Capabilities	
Retention of HMAS <i>Tobruk</i>	4.1
Transition costs related principally to redundancies	25.1
Total	148.4

Table 6.6: Reconciliation of Appropriations for Support Command Australia

Division/Appropriation Item		1997-98	1997-98	1997-98	Variation	
		Budget Estimate	Revised Estimate	Actual Outcome	(97-98 Actual less Revised Estimate)	
		\$m	\$m	\$m	\$m	%
180-01	RUNNING COSTS					
	Service Personnel	426.9	312.9	319.3	6.4	2.0
	Civilian Personnel	268.0	202.8	237.1	34.3	16.9
	Administrative Expenses	110.9	56.2	61.3	5.1	9.1
	Facilities Operations	0.3	0	0	0	0.0
180-02	OTHER SERVICES	6.8	6.8	6.8		0.0
181	EQUIPMENT & STORES	1,439.5	1,503.6	1,532.4	28.8	1.9
Total Defence Function Appropriations (A)		2,252.4	2,082.2	2,156.9	74.6	3.6
Total Defence Function Receipts (Offset within Outlays) (B)		-76.0	-82.3	-99.6	-17.3	21.0
Total Defence Function Outlays (C) = (A+B)		2,176.4	1,999.9	2,057.2	57.3	2.9

Note:

Figures may not add due to rounding.

Table 6.7: Major Variations between 1997-98 Revised Estimate and 1997-98 Actual Outcome

Appropriation	\$m
180-01 RUNNING COSTS	
Service Personnel (\$6.4m)	
Part year effect of ADF Workplace Bargaining Agreement	4.9
Higher than anticipated Accrual-Based Superannuation and 3% Productivity Benefit liability	3.0
Provision for Commercial Support Program transition costs	2.8
Variations to change in rank profile and per capita	2.4
Defence Reform Program Savings	
Related to Logistics	-6.7
Civilian Personnel (\$34.3m)	
Provision for Commercial Support Program transition costs	10.6
Higher than anticipated Accrual-Based Superannuation and 3% Productivity Benefit liability	9.7
Provision for Defence Reform Program related redundancies	9.4
Net Program transfers primarily associated with the transfer of the Navy Minor Capital function	4.4
Part year effect of Civilian Workplace Bargaining Agreement	3.1
Higher than estimated requirement for civilian salaries	1.2

<i>Appropriation</i>	<i>\$m</i>
Defence Reform Program Savings	
Related to Logistics	-4.1
Administrative Expenses (\$5.1m)	
Variation in Fringe Benefits Tax liability	2.8
Provision for Commercial Support Program transition costs	2.1
Net Program transfers primarily associated with the transfer of operational freight funding from Program 13 and the transfer of guarding contracts to Program 13	0.2
Minor miscellaneous variations	0.4
Defence Reform Program Savings	
Related to Logistics	-0.4
181 EQUIPMENT & STORES (\$28.8m)	
Net impact of exchange rate fluctuations for items purchased overseas	63.3
Provision for contractor support	9.5
Increased fuel purchases to support Navy steaming requirements in 1998-99	6.0
Increased support costs for HMAS <i>Tobruk</i>	4.1
Operation Belisi costs	3.4
Impact of delayed implementation of In Service Support arrangements for Collins and Anzac class ships	-1.1
Rescheduling of Minor Capital project expenditure	-9.9
Net Program transfers primarily associated with the transfer of support for naval establishments to Programs 2 and 13, transfer of Port Services Contract to Program 2 and transfer of Garrison Support to Program 13	-43.0
Minor miscellaneous variations	-0.6
Defence Reform Program Savings	
Related to Logistics	-2.9
DEFENCE PORTFOLIO RECEIPTS (-\$17.3m)	
Additional receipts from sale of fuel to overseas visiting forces	-3.2
Net Program transfers primarily associated with the transfer of stores receipts from Program 13	-14.1