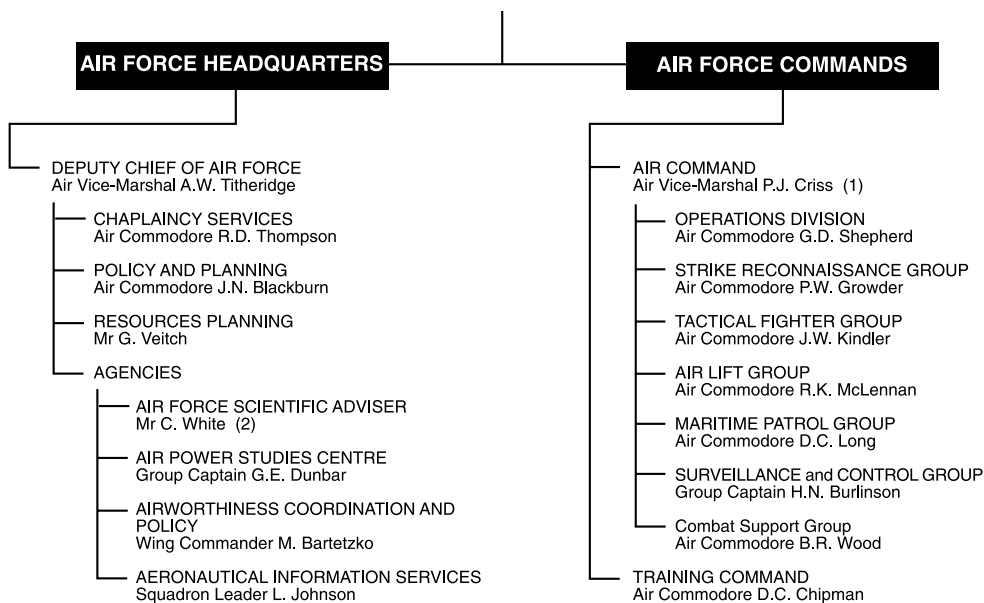


**CHIEF OF AIR FORCE**  
Air Marshal E.J. McCormack



**Notes:**

- 1 Maritime, Land and Air Component Commanders are also responsible as Maritime, Land and Air Commanders to their respective Chief of Service.
- 2 Responsible to the Chief Defence Scientist and to respective single-Service Chief. Position depicted in Service organisation and located in Scientific Adviser and Trials Branch.

Effective at 30 June 1999

## GROUP 4: AIR FORCE

### OBJECTIVE

To prepare for, conduct and sustain effective air operations to promote Australia's security and interests.

### DESCRIPTION

The Air Force Group provides forces for air operations, including offensive and defensive counter air operations, precision strike operations, airlift, reconnaissance and surveillance. The Group Manager is the Chief of Air Force who is responsible for the command of the RAAF, for the preparation of forces for the conduct of air operations and for the efficient and effective strategic management of the Group. The Air Force Group comprises three areas; Combat Forces, Executive, and Training. The Chief of Air Force drew on an agreed level of support and resources from other Groups, particularly Support Command, Defence Personnel Executive and Defence Corporate Support, in managing the Air Force and achieving Air Force performance targets for 1998-99.

### PERFORMANCE OUTCOMES FOR 1998-99

The Air Force's performance is measured by reference to the key result areas of:

#### *Capability for Air Strike/Reconnaissance*

The Strike Reconnaissance Group met all individual military strategic option requirements of the Chief of the Defence Force's Preparedness Directive for the provision of capability. However, for short periods, insufficient reconnaissance (RF-111C) airframes were available to meet the concurrent requirements of the Preparedness Directive. This was due to scheduled maintenance and modification actions to improve capability. Ninety-five percent of flying rate of effort was achieved. The shortfall was due to cancellation of some flying tasks in the wake of an accident in April 1999, in which an F-111G and its crew were lost.

#### *Capability for Tactical Fighter Operations*

The Tactical Fighter Group met all requirements of the Chief of the Defence Force's Preparedness Directive for the provision of capability. Ninety-six percent of the planned flying rate of effort was achieved. The under achievement was caused primarily by a lack of qualified pilots in F/A-18 squadrons. Nevertheless, this year's flying rate was a 4% increase over the 1997-98 effort. Initiatives have been taken to improve fast-jet pilot numbers.

#### *Capability for Strategic Surveillance*

The Surveillance and Control Group was formed in September 1998 to manage surveillance and control assets as a capability. The group met all of the Chief of the Defence Force's Preparedness Directive requirements and conducted a number of additional ad-hoc national strategic surveillance tasks.

#### *Capability for Maritime Patrol Aircraft Operations*

The Maritime Patrol Group met all requirements of the Chief of the Defence Force's Preparedness Directive for the provision of capability. The original rate of effort of 8,700 hours was based on projections of aircraft availability during the aircraft upgrade project. Actual availability was better than expected. The capability was enhanced by the introduction of the P-3 Orion training aircraft airframes, which are used for pilot and flight engineer training, thereby relieving this burden from the fully-equipped operational aircraft.

### *Capability for Airlift*

The Air Lift Group met all individual military strategic option requirements of the Chief of the Defence Force's Preparedness Directive for the provision of capability. However, insufficient assets were available to meet some concurrent requirements. The combined achieved flying rate of effort for the aircraft in the Group was only 92% of that planned, and was 87% of the 1997-98 achievement. The reduced rate of effort was caused by a combination of maintenance problems on ageing aircraft fleets and the need to release aircraft for modification activities that will improve capability and supportability in the longer term. Measures have been taken to overcome maintenance problems to improve aircraft availability and preparedness levels.

### *Capability for Combat Support of Air Operations*

The combat support capability is still being developed and has undergone major restructuring due to the downsizing of the Air Force to 13,000 personnel and other changes resulting from the Defence Reform Program. The mature capability will be able to provide ground defence and support to a number of deployed air bases and will be funded largely through reinvestment of Defence Reform Program savings. In the interim, the Chief of the Defence Force's Preparedness Directive requirements for this capability are running at a reduced level in recognition of its developing nature.

### *Contribution to International Relations*

All Air Force Commands and Force Element Groups contributed to international relations through an extensive program of exercises and training activities. The Air Force also contributed to several international operations and peacekeeping activities.

### *Contribution to National Tasks*

The Air Force contributed to a wide variety of national tasks including disaster-relief operations, medical evacuations and search and rescue missions.

### *Safety*

Defence flying safety has undertaken an active aircraft accident-prevention program for all personnel involved in aviation activities within the ADF. This education program has included the conduct of flying safety officer courses and briefings to aircrew, air traffic controllers, maintenance personnel and flying supervisors. A formal biennial audit of air traffic control and accident emergency response at Defence airfields also forms part of this education program.

### *Effective and Efficient Management of Personnel and Resources*

The Air Force Group planning, management and budgeting processes supported the optimum use of available resources within endorsed policies and approved programs to achieve agreed objectives. During the year, Air Force Headquarters' management processes were restructured to focus on outputs and to prepare for the implementation of accrual budgeting. Preparation and training were undertaken for accrual accounting and this continues as new financial software packages are introduced to replace current systems. The focus was also on the management of information against outputs, management of the significant changes revolving around the Defence Reform Program and the drawdown of the permanent Air Force workforce.

## **PERFORMANCE AGAINST FORECAST FOR 1998-99**

- *Achieve the forecast flying hour program to meet training, preparedness, developmental and other tasks*

**Not Achieved as Forecast** With the exception of the Air Lift Group, all Force Element Groups achieved rates of flying effort which were close to their planned figures and broadly

similar to those achieved in the previous year. The Air Lift Group achieved only 92% of its planned flying rate, even after a significant revision downwards of the C-130 rate of effort during the year. Of the six aircraft types operated by the group, only the B707 fleet achieved its planned rate of effort. The ageing C-130, Caribou, HS748 and Dakota fleets all suffered from maintenance problems which reduced their availability for tasking. C-130H availability was also affected by commitments to provide airframes for a number of modification programs that have been initiated to improve capability and supportability in the longer term. Remedial action has been taken to improve C-130E and Caribou availability until their planned replacement dates. C-130 and Caribou tasking was actively managed so that aircraft availability for contingency operations was not affected.

The greatest impact of the shortfall in flying effort was felt by the Army and Headquarters Australian Theatre which make extensive use of Air Lift Group assets to fulfil their exercise programs. The HS748 is being supplemented with leased aircraft for its primary role of navigator training and will be replaced as soon as possible with more leased aircraft. The Dakota aircraft was withdrawn from service in December 1998 and its main role of trials support for the Aircraft Research and Development Unit was taken over by leased aircraft.

Training Command achieved 90% of its planned flying rate in the PC9/A training aircraft. This under achievement was due to a reduced need for training hours as a result of fewer than expected pilot students.

- *Improve operational capability through training, operations and exercises, and enhance cooperation with regional and allied forces, by participating in exercise programs*

**Achieved as Forecast** The flying programs for all Force Element Groups provided a good balance between training, participation in exercises and operational tasking.

Air Command units conducted an extensive exercise program with only minor variations from that originally planned. Fifteen exercises were conducted with other ADF elements to meet joint preparedness requirements. Air Command units also took part in a further 25 international exercises which involved forces from 12 regional and allied nations. Of these, the most significant was Exercise Churinga which was conducted in two phases and involved units from the Strike Reconnaissance, the Tactical Fighter and the Air Lift Groups in over 1000 hours of flying, including air combat practice with the Royal Singapore Air Force and Royal Malaysian Air Force. The varied program of exercise activities provided Air Force personnel with valuable training in joint and combined operations, and improved interoperability with other forces.

The Air Force participated in seven planned operations during the year. Although the prime reason for participation in these operations was to support national interests and to meet international obligations, Air Force personnel gained much valuable experience, thereby improving their operational capabilities.

- *Successfully conduct maritime surveillance operations*

**Achieved as Forecast** Throughout the year, the Maritime Patrol Group maintained a surveillance presence in the South China Sea, the Indian Ocean approaches to the Malacca Straits, the south-west Pacific and the Australian Exclusive Economic Zone. This presence was maintained through the conduct of Operations Gateway and Solania and through regular Australian zone patrols. The commitment of 1,366 P3C flying hours to these tasks honoured Air Force obligations to support the Defence Cooperation Program and the Five Power Defence Arrangements. It also assisted Coastwatch in maintaining surveillance throughout Australian territorial waters and the Exclusive Economic Zone.

- *Maintain a force that is trained, fit and ready to fight*

**Achieved as Forecast** The Air Force maintains an extensive program to promote and monitor the combat readiness of its serving personnel. In particular, all uniformed personnel are required to undertake training in operational skills, fitness and personal weapons training and to demonstrate competencies in these areas annually. As a result, a high percentage of Air Force personnel can be deployed quickly for operations at any time. In addition, training and education programs for air and ground safety ensure that personnel have the necessary skills and knowledge to conduct Air Force operations safely.

- *Contribute to international relations including Defence Cooperation, regional engagement, peace operations and international obligations*

**Achieved as Forecast** Air Force contributed to international relations and regional engagement through participation in operations and exercises with regional and allied partners. All Air Force Commands and Force Element Groups were involved in international activities. Bilateral and multilateral exercises and activities were conducted with Indonesia, Malaysia, Thailand, the Philippines, Singapore, Japan, Papua New Guinea, the United States, Canada, New Zealand and the United Kingdom. Defence Cooperation training was conducted in Australia and in regional countries. Two hundred and twenty-one foreign defence personnel were trained in Australia by the Air Force. The Air Force also contributed to government-directed peace operations.

- *Contribute to national tasks including the provision of aid to the civil community, assistance to other government agencies and support to events of national significance*

**Achieved as Forecast** The Air Force contributed to 28 national tasks over the reporting period. Operations in support of the civil community included the transportation of medical supplies, food, water, and electrical generation equipment to north-west Australia in the wake of cyclone Vance. Five successful aeromedical evacuations, including those of four civilians, were conducted in remote areas of Australia. The Air Force also participated in 10 civil search and rescue operations, the most significant of which was the involvement of C-130 and P3C aircraft in the 1998 Sydney to Hobart Yacht Race rescue effort. The bodies of two World War II RAAF airmen discovered in the wreckage of a Wirraway aircraft in Papua New Guinea were air-lifted to Port Moresby where they were accorded full military funerals in the presence of surviving relatives. The Roulettes formation aerobatics team carried out an extensive program of activities that included displays at several major sporting events.

- *Manage ADF flying safety and airworthiness*

**Achieved as Forecast** Recommendations from a recently conducted review of aviation safety management have been considered and those accepted have been, or are in the process of being, implemented. During the year, one aircraft accident was investigated by the Defence flying safety unit. This was the loss of F-111G A8-291 at Pulau Aur, Malaysia on 18 April 1999. This accident brought to an end a record aircraft accident-free period of 21 months for the ADF and four and a half years for the Air Force.

- *Manage efficiently and effectively the financial resources allocated to Air Force*

**Achieved as Forecast** Air Force financial resources were managed to within 1.1% of the 1998-99 Revised Estimate. Staffing resources were managed within the allocations and Defence Reform Program efficiency gains were ahead of targets.

- *Implement Air Force aspects of the Defence Reform Program*

**Achieved as Forecast** The Air Force Group is actively managing the overall restructure of the permanent Air Force as it draws down to 13,000 under the reform program. Further rationalisation and market-testing activity will continue in 1999-2000, particularly in relation to training delivery, in Aircraft Research and Development Unit support and in maintenance activity. Reinvestments in capability-related logistics initiatives and operating costs for new equipment continued under Support Command guidance.

A new ADF basic flying training course commenced in January 1999 with 10 Army pilots graduating in June 1999. The next course commenced in March 1999 for 10 Army and five Navy pilots who are due to graduate in September 1999 and the first fully tri-service course commenced in June 1999 (19 Air Force, 10 Army, and five Navy). 1998-99 expenditure was \$3.9m; the minor variation was due to course timing issues.

- *Complete a review of Air Force's workforce structure, including use of Reserves and the ability to recruit, train and qualify within warning time*

**Achieved as Forecast** A comprehensive review of the Air Force peacetime establishment structure has been conducted, including the workforce requirements of the Force Element Groups. Establishment reductions resulting from the Defence Reform Program have been taken into account and reinvestment of savings into new combat capability has been planned. Continuing work includes identification of the Air Force wartime establishment requirements to support a force structure to defeat attacks on Australia. When this structure is complete, the difference between the peacetime establishment and the wartime establishment can be quantified. This will allow follow-on studies of workforce sustainability, the size and structure of the Reserve establishment and the additional support that can be obtained from the recruit-train-qualify process.

- *Enhance performance management at the Group level within Air Force*

**Ongoing** Defence Reform Program principles and objectives have been employed to restructure Air Force Headquarters and improve management practices. Work continues on a further reorganisation that will see the Headquarters structured along output lines and on increased use of performance-based reporting.

- *Establish appropriate agreements for effective transition of new capabilities and capital equipment into service through the weapon system capability management process*

**Not Achieved as Forecast** Air Force Headquarters has been working with Australian Defence Headquarters and the Acquisition Group to establish arrangements that will ensure much earlier involvement of the Air Force in the introduction of new capabilities. A key feature of the new arrangements will be appropriate Air Force representation on the integrated project teams that are being established for all new acquisition projects.

- *Promote a wider understanding of air power doctrine throughout the Defence organisation, the community and the region*

**Achieved as Forecast** A regional air-power workshop was conducted in September 1998 with representatives from 11 regional countries attending. The workshop focused on the profession of arms generally and professional mastery in air forces specifically.

The 1998 RAAF history conference was held in October 1998 and attracted over 300 delegates including serving and retired Defence personnel and other interested members of the wider community. Papers and proceedings were published and distributed to delegates and throughout the Defence community.

A wide-ranging educational program was conducted that included lectures, presentations and the provision of material to the Air Force, Army, Navy, Defence civilians and the wider community. Air Power Studies Centre staff participated in seminars and debates on topical air-power issues organised by local academic institutions. The centre's staff also participated in regional engagements attending conferences or presenting lectures in such countries as the Philippines, Indonesia, Thailand, Malaysia, New Zealand and Guam.

- *Conduct an Air Force cultural assessment to identify and address issues relevant to maintaining the ethos, values and attitudes of Air Force personnel*

**Achieved as Forecast** The Air Force conducted the assessment with the analysis of findings and the final report presented to the Chief of Air Force Advisory Committee in March 1999. The summary of overall findings suggested that Air Force culture is largely demographically homogeneous in relation to the issues surveyed. While there are differences in values on many of the issues, and in some cases quite seemingly opposed values, those variations are largely consistent across the Air Force. These issues and other aspects of human resource capability management will be addressed by the Air Force Human Resource Capability Forum to ensure a holistic overview of personnel capability in achieving Air Force outputs.

- *Implement training initiatives which ensure the development and maintenance of Air Force values and attitudes*

**Achieved as Forecast** The Chief of Air Force directed the development of local training courses to be conducted under the auspices of the airmen education training scheme. Leadership extension workshops have been developed and facilitators for each location have completed facilitation training. Ongoing assessment of the process will be undertaken.

- *Establish a formal process for matching available funding to required capability levels*

**Achieved as Forecast** To link into the new management framework and to readily identify capability funding issues, the weapons system master planning system has been further evolved to include a resource plan with linkages to the development, operational, and personnel sub-plans of each weapons system. The Air Force is using the weapons system management structure together with capability-based management to effect a holistic management of Air Force capabilities. By identifying all costs associated with a weapons system and relating those costs to the development of capability, capability-based management will determine the total cost of each weapons system's roles. This will enable a capability to be costed, which will lead to more accurate costing of Defence outputs.

- *Evaluate implementation of the Air Power Education Program*

**Not Achieved as Forecast** The Air Power Education Program was deferred due to the review and restructure of the Base Staff Course for which the program was intended. On completion of the restructure, the third edition of the air power manual was issued, changing air power doctrine significantly. Development of the replacement program is subject to advice from the Air Powers Studies Centre.

- *Conduct operational tasks as directed by the Government*

**Achieved as Forecast** Operation Belisi II was initiated to provide ADF support to the Peace Monitoring Group in Papua New Guinea. Over the reporting period, the Air Force devoted nearly 1,500 hours of air transport support from C-130 and Caribou aircraft to this task and provided a number of personnel to the monitoring group. The Air Force assisted in tidal-wave disaster relief in Papua New Guinea and contributed ground personnel to Operation Safe Haven (support to Kosovo refugees) and Operation Concord (logistic support to United Nations forces in East Timor).

- *Form a Surveillance and Control Group to manage surveillance and control as a capability*

**Achieved as Forecast** The Surveillance and Control Group was formed at RAAF Williamtown in September 1998. The new organisation comprises HQ 41 Wing, the Air Surveillance Control and Reporting Units, No 1 Radar Signals Unit, the Air Defence Ground Environment Standards Development Unit and the Surveillance and Control Training Unit. The Jindalee Operational Radar Network and the Wedgetail airborne early warning and control aircraft will be included within the Surveillance and Control Group upon their acceptance into operational service.

- *Introduce the C-130J aircraft into service*

**Not Achieved as Forecast** Problems with the development of the C-130J aircraft has delayed its entry into Air Force service. Conditional acceptance of the first airframe is now scheduled for September 1999. Delays in the C-130J program are affecting the Air Lift Group's ability to meet its planned rate of effort because the ageing C-130E aircraft, that the C-130J is scheduled to replace, need increased maintenance. Mitigation strategies include the increased use of the B707 fleet to carry out some C-130 tasking. Additional resources have also been allocated to maintain the C-130E fleet in service for longer than planned so that the requirements of the Chief of the Defence Force's Preparedness Directives can be fulfilled.

- *Improve the electronic self protection capabilities of RAAF aircraft*

**Not Achieved as Forecast** Projects have been initiated to upgrade the electronic warfare self-protection capability of selected RAAF aircraft. The first elements of these equipment upgrades are currently being installed.

- *Increase pilot numbers in operational fast-jet squadrons*

**Not Achieved as Forecast** A Fighter Pilot Recovery Program has been instituted that includes initiatives to improve recruiting and selection processes. The aim is to increase the percentage of pilots graduating from initial pilot training that will be suitable for fast-jet training. A predicted short-term effect of this program has been a temporary decrease in the number of frontline fast-jet pilots, as pilots are diverted to flying training units to increase training capacity.

## RESOURCES

**Table 4.1: Defence Function Outlay Summary**

Sub-Group		1998-99	1998-99	1998-99	Variation	
		Budget Estimate	Revised Estimate	Actual Outcome	(98-99 Actual less Revised Estimate)	
		\$m	\$m	\$m	\$m	%
4.1	Combat Forces	541.2	522.9	544.2	21.2	4.1
4.2	Executive	55.4	34.8	22.2	-12.5	-36.1
4.3	Training	145.2	136.6	135.3	-1.2	-0.9
<b>Group Total</b>		<b>741.8</b>	<b>694.3</b>	<b>701.7</b>	<b>7.5</b>	<b>1.1</b>

**Table 4.2: Staffing Summary**

Sub-Group		1998-99	1998-99	1998-99	Variation	
		Budget Estimate	Revised Estimate	Actual Outcome	(98-99 Actual less Revised Estimate)	
		Personnel Numbers			No	%
4.1	Combat Forces	8,490	8,106	8,426	320	3.9
4.2	Executive	737	1,072	350	-722	-67.4
4.3	Training	2,079	2,040	2,041	1	0
<b>Group Total</b>		<b>11,306</b>	<b>11,218</b>	<b>10,817</b>	<b>-401</b>	<b>-3.6</b>

**Table 4.3: Staffing Profile**

Personnel		Sub-Group			Total
		4.1	4.2	4.3	
Permanent Force	98-99 Budget	6,929	254	1,942	9,125
	98-99 Revised	6,638	252	1,905	8,795
	98-99 Actual	6,633	248	1,810	8,691
Reserves	98-99 Budget	1,100	405	0	1,505
	98-99 Revised	1,261	759	0	2,020
	98-99 Actual	1,581	45	96	1,722
Ready Reserves	98-99 Budget	295	0	0	295
	98-99 Revised	43	0	0	43
	98-99 Actual	43	0	0	43
Civilian	98-99 Budget	166	78	137	381
	98-99 Revised	164	61	135	360
	98-99 Actual	169	57	135	361
<b>Total</b>	<b>98-99 Budget</b>	<b>8,490</b>	<b>737</b>	<b>2,079</b>	<b>11,306</b>
<b>Personnel</b>	<b>98-99 Revised</b>	<b>8,106</b>	<b>1,072</b>	<b>2,040</b>	<b>11,218</b>
	<b>98-99 Actual</b>	<b>8,426</b>	<b>350</b>	<b>2,041</b>	<b>10,817</b>

**1998-99 Defence Reform Program Progress**

The Air Force is actively managing the overall restructure of the permanent Air Force as it draws down to 13,000 under the reform program. During 1998-99, actual strength reduced from 15,750 to 14,785. Overall, the Air Force has saved 142 positions (115 ADF and 27 civilian) to 30 June 1999, 73 positions more than forecast. Rationalisation of training activities continued with some 128 positions being saved during the reporting period (105 permanent Air Force and 23 civilian). Market-testing activities are continuing. The business process re-engineering of the Aircraft Research and Development Unit continues. The first support contract has been implemented with work under way on the second.

**Table 4.4: 1998-99 Defence Reform Program Resources Available for Reinvestment**

Category	1998-99	1998-99	1998-99	Variation	
	Budget Estimate	Revised Estimate	Actual Outcome	(98-99 Actual less Revised Estimate)	
	\$m	\$m	\$m	\$m	%
Defence Command and Management Arrangements	1.1	1.1	1.8	0.7	63.6
Acquisition and Industry	0.3	0.3	0.3	0	0
Science and Technology	1.1	1.1	0.1	-1.0	-90.9
Logistics	0.2	0.2	0.2	0	0
Personnel Planning	1.0	1.0	1.0	0	0
Education and Training	2.6	3.1	6.7	3.6	116.1
Administrative Support	1.1	-1.9	-1.9	0	0
Superannuation	0.6	2.0	2.1	0.1	5.0
Contracts Funded	0	0	-0.4	-0.4	0
<b>Total</b>	<b>8.0</b>	<b>6.9</b>	<b>9.9</b>	<b>3.0</b>	<b>43.5</b>

**Table 4.5: 1998-99 Defence Reform Program Personnel Reductions - ADF**

Category	1998-99	1998-99	1998-99	Variation	
	Budget Estimate	Revised Estimate	Actual Outcome	(98-99 Actual less Revised Estimate)	
	Personnel Numbers			No	%
Defence Command and Management	0	0	10	10	0
Science and Technology	20	20	0	-20	-100
Education and Training	35	35	105	70	200
<b>Total Personnel Reductions</b>	<b>55</b>	<b>55</b>	<b>115</b>	<b>60</b>	<b>109.1</b>

**Table 4.6: 1998-99 Defence Reform Program Personnel Reductions – APS**

Category	1998-99	1998-99	1998-99	Variation	
	Budget Estimate	Revised Estimate	Actual Outcome	(98-99 Actual less Revised Estimate)	
	Personnel Numbers			No	%
Defence Command and Management	0	0	3	3	0
Science and Technology	0	0	1	1	0
Education and Training	0	14	23	9	64.3
<b>Total Personnel Reductions</b>	<b>0</b>	<b>14</b>	<b>27</b>	<b>13</b>	<b>92.9</b>

**Table 4.7: 1998-99 Defence Reform Program Reinvestment**

Category	1998-99	1998-99	1998-99	Variation	
	Budget Estimate	Revised Estimate	Actual Outcome	(98-99 Actual less Revised Estimate)	
	\$m	\$m	\$m	\$m	%
Net Personnel and Operating Costs	-1.6	-1.6	-1.6	0	0
Pilot Training	4.0	4.0	3.9	-0.1	-2.5
DRP Transition Cost	0	0.9	1.7	0.8	88.9
<b>Total</b>	<b>2.4</b>	<b>3.3</b>	<b>4.0</b>	<b>0.7</b>	<b>21.2</b>

**Table 4.8 Reconciliation of Appropriations for the Air Force Group**

Division/Appropriation Item	1998-99	1998-99	1998-99	Variation	
	Budget Estimate \$m	Revised Estimate \$m	Actual Outcome \$m	(98-99 Actual less Revised Estimate) \$m	%
180-01 Running Costs					
Service Personnel	547.2	530.5	546.2	15.7	3.0
Civilian Personnel	17.2	16.5	16.4	-0.1	-1.0
Administrative Expenses	64.1	53.1	54.7	1.6	3.1
181 Equipment & Stores	139.6	120.5	107.9	-12.6	-10.5
<b>Total Defence Function Appropriations (A)</b>	<b>768.2</b>	<b>720.6</b>	<b>725.3</b>	<b>4.6</b>	<b>0.6</b>
Total Defence Function Receipts (Offset within Outlays) (B)	-26.4	-26.4	-23.5	2.8	-10.8
<b>Total Defence Function Outlays C) = (A+B)</b>	<b>741.8</b>	<b>694.3</b>	<b>701.7</b>	<b>7.5</b>	<b>1.1</b>

Full accrual information for this Group is available in the *1998-1999 Financial Statements* in Appendix F to Part One of this document.

**Table 4.9: Major Variations between 1998-99 Revised Estimate and 1998-99 Actual Outcome**

Appropriation	\$m
<b>180-01 Running Costs</b>	
<b>Service Personnel (\$15.7m)</b>	
Net variations due to reduced AFS and changes in rank profile	4.8
Increased payment for members undertaking overseas service mainly due to exchange rate variations	3.6
Increased payments in lieu of long service related to separations and Reform Program initiatives	3.9
Higher than anticipated accrual-based superannuation and 3% productivity liability based on movements in average staffing levels, changes in per capita rates and the impact of pay increases	2.6
Increased payment in lieu of recreation leave, related separations and Reform Program initiatives	3.0
Higher than anticipated take up rate for Pilot Retention Bonus	0.7
Increased payments for members undertaking higher duties	0.6
Higher than anticipated expenditure on Air Force Reserve Personnel	0.4
Miscellaneous minor variations	0.2
Re-attribution of Air Force Reserve Salaries to better reflect distribution between Groups previously held against Group 4	-2.1
<b>Defence Reform Program Gains</b>	
Related to Science & Technology	1.0
Related to Education & Training	-3.0
Related to Defence Command and Management Arrangements	-0.5
<b>Defence Reform Program Reinvestment</b>	
Related to Service Redundancies	0.5

Appropriation	\$m
<b>Civilian Personnel (-\$0.1m)</b>	
Variation in voluntary redundancy payments associated with CSP	0.7
Over estimate of civilian personnel cost estimates mainly to do with profile assumptions	-0.6
Net Group transfers	0.1
<b>Defence Reform Program Gains</b>	
Related to Defence Command and Management Arrangements	-0.1
Related to Superannuation	-0.1
Related to Education & Training	-0.4
<b>Defence Reform Program Reinvestment</b>	
Related to civilian redundancies	0.3
<b>Administrative Expenses (\$1.6m)</b>	
Variation in Fringe Benefits Tax liability	1.1
Miscellaneous minor variations	0.7
Net Group transfers	0.1
<b>Defence Reform Program Gains</b>	
Related to Defence Command and Management Arrangements	-0.1
Related to Education & Training	-0.2
<b>181 Equipment &amp; Stores (-12.6)</b>	
Purchases of essential equipment associated with the development of the capability of Combat Support in particular in the provision of enhanced ground defence and deployed airfield support equipment	2.1
Early payment of 99-00 claims to allow for an orderly transition to output-based accrual accounting	0.2
Reduced fuel purchases for foreign governments	-5.4
Reduced expenditure relating to lower than budgeted fuel prices	-5.1
Net inter Group transfers primarily associated with funding for F404 engines (\$-3m), between Group 4 and Group 6	-3.3
Adjustment to CSP Basic Flying Training contract to reflect changed implementation schedule	-1.4
<b>Defence Reform Program Gains</b>	
Related to Contracting	0.4
<b>Defence Reform Program Reinvestments</b>	
Related to ARDU Contract	-0.1
<b>Defence Portfolio Receipts (2.8)</b>	
Reduced proceeds from fuel sales to foreign governments	5.4
Higher than anticipated Special Purpose Aircraft receipts	-2.6