

## PROGRAM ONE: DEFENCE HEADQUARTERS

### OBJECTIVES

To achieve Defence objectives and the production of related outputs through:

- a. developing strategic policies, force structures and warfighting strategies which enable the Australian Defence Force (ADF) to achieve its mission;
- b. providing strategic and operational level command capabilities for more effective and efficient command of ADF operations;
- c. shaping Australia's long term strategic environment to reduce the likelihood of threats to Australia and its interests, and increase opportunities to work with others to deal with any threats;
- d. shaping Australia's national support base to ensure the ADF is supported as cost effectively as possible;
- e. providing strategic policy advice to Government;
- f. developing a strategic planning and management framework to provide better decision-making and organisational effectiveness in long-term planning and short to medium-term resource decisions; and
- g. attracting, developing, and retaining highly skilled, educated and motivated people as part of an integrated Defence Headquarters.

### DESCRIPTION

The Program is jointly managed by the Vice Chief of the Defence Force and Deputy Secretary Strategy and Intelligence. The Program comprises seven Sub-Programs:

- 1.1 Strategic Policy and Plans: Develops and advises on strategic policy, plans and priorities.
- 1.2 International Policy: Manages Australia's international defence relationships.
- 1.3 Capability Program and Resources Planning: Manages the new capability program and undertakes strategic level resource planning.
- 1.4 Capability Development: Manages the development of future ADF capabilities. Sponsors and develops capability proposals.
- 1.5 National Support Division: Develops plans, strategies and mechanisms to create opportunities for wider and more responsive support to the ADF from Australia's national infrastructure.
- 1.6 Strategic Command: Assists the Chief of the Defence Force in the command of the ADF, and provides the strategic crisis management machinery.
- 1.7 Australian Theatre: Assists the Commander Australian Theatre in the command of the Australian Theatre. Develops the doctrine and campaign plans for the defence of Australia.

## **STRATEGIES FOR 1998-99**

In pursuit of Defence and Program objectives, the Program will:

- a. reform processes to ensure resources are allocated to capability in ways which most effectively meet the Government's strategic objectives for the defence of Australia;
- b. improve capability development to provide faster decisions;
- c. develop further the Deployable Joint Force Headquarters (Land), and the form and function of the collocated Headquarters Australian Theatre;
- d. develop and maintain bilateral and multilateral discussions, strategic support arrangements with allies, practical cooperation including combined exercises and training, underpinned by the Guidance for Overseas Activities and the CDF Overseas Activities Directive;
- e. develop national support policies enabling force generation and sustainment;
- f. provide clearer 'whole of Defence' emphasis in policy and planning processes, and a more strategic focus in higher level Defence management processes; and
- g. establish a culture which stimulates excellence in leadership, performance and people management.

## **PERFORMANCE MEASURES FOR 1998-99**

The extent to which:

- a. advice on strategic policies provided to Government is accurate, timely, responsive and innovative, and offers practical and cost-effective approaches to fulfil the Government's Defence responsibilities;
- b. Defence resources are efficiently matched to strategic priorities to ensure that the ADF develops the maximum appropriate capability for each dollar spent;
- c. long-term planning is improved to allow better and earlier decisions to be taken to achieve major strategic objectives;
- d. force development decisions are made quickly and rigorously taking full account of strategic, technical, operational and industrial factors;
- e. clear direction is provided to other parts of the Defence organisation on priorities for all aspects of capability development including equipment, training, support and doctrine;
- f. Australia's strategic interests are served by the development of defence relationships and international cooperation, especially in regard to the maintenance of peace and stability in the Asia-Pacific region;

- g. new strategic and operational headquarters provide effective command for ADF operations at reasonable cost; and
- h. national support policies are developed which provide better support for the ADF to conduct operations more cost effectively.

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

The planned achievements for the Defence Headquarters in 1998-99, in terms of their contribution to Defence outputs, include:

#### **Operational Command**

- a. Developing warfighting concepts and doctrine for the Australian theatre;
- b. developing military contingency and campaign plans for the Australian theatre;
- c. conducting joint operations; and
- d. planning and conducting the following major ADF exercises.

<b>EXERCISES</b>	<b>EXERCISE OBJECTIVES</b>	<b>PARTICIPANTS</b>
Crocodile 99 Command Post Exercise	To exercise Headquarters Australian Theatre (HQAST) in planning a combined joint campaign	HQAST and US elements
Kingfisher 98	To test planning at the operational level in combined operations in the defence of Australia and its interests	HQAST and US elements
Northern Trilogy 99	To practise Headquarters Northern Command (HQNORCOM) in the planning process, conduct of operations and activation of the HQ for short-warning conflict	HQNORCOM, the Services and Special Operations forces

#### **Effective International Defence Relationships and Contribution to International Activities**

- a. Further development of international defence relationships consistent with *Australia's Strategic Policy*;
- b. enhance alliance relationships through activities such as AUSMIN 98, political/military talks, defence and strategic dialogue and bilateral regional discussions.
- c. contributing to regional stability through high and multi-level access to regional governments and defence forces, and close interaction with regional and allied forces.

### Strategic Command and Policy

- a. Developing and introducing new strategic planning processes including long-term planning, national military strategies and improved preparedness planning;
- b. improving the mechanisms for coordination and management to deal with crises;
- c. ensuring a more strategic capability focus in 'whole of Defence' resource decision making and management;
- d. improving the capability development process with particular focus on 'whole of capability';
- e. providing advice to Government on Defence capabilities and force structure priorities through the development and review of all proposals for major equipment and facilities which are planned for Government approval during 1998-99 and in the 1999-2000 Budget; and
- f. developing concepts, high-level strategies and policies and establishing agreements and other arrangements which will enable the engagement of national support capabilities for ADF operations.

## RESOURCES

**Table 1.1: Defence Function Outlays Summary**

Sub-Program	1997-98	1997-98	1997-98	1998-99	Variation	
	Budget	Revised	Estimated	Budget	98-99 Budget less	
	Estimate	Estimate	Outcome	Estimate	97-98 Outcome	%
	\$'000	\$'000	\$'000	\$'000	\$'000	%
1.1 Strategic Policy and Plans	4,715	5,391	5,461	5,306	-155	-2.8
1.2 International Policy	72,654	76,919	77,067	81,533	4,466	5.8
1.3 Capability Program & Resources Planning	27,276	7,820	7,819	58,073	50,254	642.7
1.4 Capability Development	12,155	11,992	11,371	12,086	715	6.3
1.5 National Support	10,711	7,648	4,610	4,820	210	4.6
1.6 Strategic Command	25,001	6,689	6,483	6,664	181	2.8
1.7 Australian Theatre	22,244	37,030	34,000	33,208	-792	-2.3
<b>Program Total</b>	<b>174,756</b>	<b>153,489</b>	<b>146,811</b>	<b>201,690</b>	<b>54,879</b>	<b>37.4</b>

**Table 1.2: Staffing Summary**

Sub-Program	1997-98	1997-98	1997-98	1998-99	Variation		
	Budget Estimate	Revised Estimate	Estimated Outcome	Budget Estimate	98-99 Budget less 97-98 Outcome		
Personnel Numbers						%	
1.1 Strategic Policy and Plans	56	63	62	64	2	3.2	
1.2 International Policy	160	167	218	221	3	1.4	
1.3 Capability Program & Resources Planning	60	72	67	71	4	6.0	
1.4 Capability Development	141	143	131	132	1	0.8	
1.5 National Support	143	82	68	57	-11	-16.2	
1.6 Strategic Command	184	86	77	80	3	3.9	
1.7 Australian Theatre	332	493	685	686	1	0.1	
<b>Program Total</b>	<b>1,076</b>	<b>1,106</b>	<b>1,308</b>	<b>1,311</b>	<b>3</b>	<b>0.2</b>	

**Table 1.3: Staffing Profile**

Personnel	Sub-Program								
	1.1	1.2	1.3	1.4	1.5	1.6	1.7	Total	
Permanent Force	97-98 Revised	22	105	9	120	41	67	470	834
	97-98 Estimated	22	155	9	120	41	67	658	1,072
	98-99 Budget	21	155	7	121	38	71	658	1,071
Civilian	97-98 Revised	41	62	63	23	41	19	23	272
	97-98 Estimated	40	63	58	11	27	10	27	236
	98-99 Budget	43	66	64	11	19	9	28	240
<b>Total</b>	<b>97-98 Revised</b>	<b>63</b>	<b>167</b>	<b>72</b>	<b>143</b>	<b>82</b>	<b>86</b>	<b>493</b>	<b>1,106</b>
<b>Personnel</b>	<b>97-98 Estimated</b>	<b>62</b>	<b>218</b>	<b>67</b>	<b>131</b>	<b>68</b>	<b>77</b>	<b>685</b>	<b>1,308</b>
	<b>98-99 Budget</b>	<b>64</b>	<b>221</b>	<b>71</b>	<b>132</b>	<b>57</b>	<b>80</b>	<b>686</b>	<b>1,311</b>

**Table 1.4: Defence Portfolio Outlays Summary**

Division/Appropriation Item	1997-98	1997-98	1997-98	1998-99	Variation		
	Budget Estimate	Revised Estimate	Estimated Outcome	Budget Estimate	98-99 Budget less 97-98 Outcome		
						\$'000	%
180-01 RUNNING COSTS							
Service Personnel Salaries	44,888	45,485	50,280	51,073	793	1.6	
Civilian Personnel Salaries	16,439	16,344	14,940	14,418	-522	-3.5	
Administrative Expenses	22,800	15,872	14,386	15,330	944	6.6	
Facilities Operations	69						
180-02 OTHER SERVICES	310	301	301	120	-181	-60.1	
181 EQUIPMENT & STORES	23,481	4,718	4,385	54,466	50,081	1142.1	

Division/Appropriation Item		1997-98	1997-98	1997-98	1998-99	Variation	
		Budget	Revised	Estimated	Budget	98-99 Budget less	
		Estimate	Estimate	Outcome	Estimate	97-98 Outcome	
		\$'000	\$'000	\$'000	\$'000	\$'000	%
182	DEFENCE COOPERATION	67,853	71,853	63,603	67,403	3,800	6.0
<b>Total Defence Function Appropriations (A)</b>		<b>175,840</b>	<b>154,573</b>	<b>147,895</b>	<b>202,810</b>	<b>54,915</b>	<b>37.1</b>
<b>Total Defence Function Receipts (Offset Within Outlays) (B)</b>		<b>-1,084</b>	<b>-1,084</b>	<b>-1,084</b>	<b>-1,120</b>	<b>-36</b>	<b>3.3</b>
<b>Total Defence Function Outlays (A+B)</b>		<b>174,756</b>	<b>153,489</b>	<b>146,811</b>	<b>201,690</b>	<b>54,879</b>	<b>37.4</b>

**Table 1.5: Defence Cooperation Summary** <sup>(1)</sup>

	1997-98	1997-98	1998-99	Variation
	Budget Estimate (\$m)	Estimated Outcome (\$m)	Budget Estimate (\$m)	98-99 Budget less 97-98 Outcome (\$m)
Papua New Guinea	15.0	18.5	15.9	-2.6
ASEAN Countries	25.1	20.2	22.4	2.2
South Pacific	23.9	23.1	25.3	2.2
Other Regional Activities	3.7	1.7	3.7	2.0
Facilities for Training	0.1	0.1	0.1	0.0
<b>TOTAL</b>	<b>67.8</b>	<b>63.6</b>	<b>67.4</b>	<b>3.8</b>

**Note:**

- Further information on the Defence Cooperation Program is provided at Appendix 10.

**Defence Reform Program**

The majority of Defence Reform Program savings for Defence Headquarters in 1998-99 are related to across the board efficiencies generated in administrative expenses. In the area of Capability Development, savings from the rationalisation of the former Forces Executive and Strategy and Intelligence Programs have been used to almost fully offset the DRP endorsed initiative to provide additional strategic guidance expertise.

**Table 1.6: Estimated Cumulative DRP Savings** <sup>(1)</sup>

Category (\$m)	1998-99	1999-00	2000-01	2001-02	Mature
Defence Command and Management Arrangements				4.7	4.2
Capability Development					0.4
Logistics				0.7	1.6
Personnel Planning				0.5	1.2
Administrative Support	0.4	0.6	0.6	0.7	0.8
<b>Total</b>	<b>0.4</b>	<b>0.6</b>	<b>0.6</b>	<b>6.5</b>	<b>8.2</b>

**Note:**

- Totals may not add due to rounding.

**Table 1.7: Estimated Cumulative DRP Personnel Savings**

Category	1998-99		1999-00		2000-01		2001-02		MATURE	
	ADF	APS	ADF	APS	ADF	APS	ADF	APS	ADF	APS
Defence Command and Management Arrangements							91	2	79	5
Capability Development							10	-10	22	-22
Logistics								11		25
Administrative Support								12		27
<b>Total</b>							<b>101</b>	<b>15</b>	<b>101</b>	<b>35</b>

**Table 1.8: Estimated Reallocation of DRP Savings**

Category	1998-99	1999-00	2000-01	2001-02
New Capital Investment		83.0	165.0	135.0
<b>Total</b>		<b>83.0</b>	<b>165.0</b>	<b>135.0</b>

**Table 1.9: Explanation for Major Variations**

Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 1.4	(\$'000)	%
<b>Defence Function Outlay (1997-98 Estimated Outcome)</b>	<b>146,811</b>	
<b>180-01 RUNNING COSTS</b>		
<i>Service Personnel</i>		
<b>Real Variations</b>		
Increased provision associated with ADF Workplace Bargaining Agreement	1,501	
Variations in Accrual Based Superannuation payments resulting from the impact of pay increases, revised Employer Contribution Rates and movements in average staffing levels	188	
Variation in 3% Productivity Benefits payments resulting from movements in average staffing levels and changes in per capita rates, including the impact of pay increases	80	
Variation to attribution and rank profile structure	-177	
Reduced provision for allowances	-372	
<b>Transfers</b>		
Living Out Allowance to Program 8 arising from the Housing and Accommodation Policy Review	-427	
<b>Total Service Personnel</b>	<b>793</b>	<b>1.6</b>

<b>Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 1.4</b>	<b>(\$'000)</b>	<b>%</b>
<i>Civilian Personnel</i>		
<b>Real Variations</b>		
Variation in 3% Productivity Benefits resulting from movements in average staffing levels and changes in per capita rates	8	
Variations in Accrual Based Superannuation payments resulting from revised Employer Contribution Rates and movements in average staffing levels	-171	
Miscellaneous minor variations	-7	
<b>DRP Savings</b>		
Related to Capability Development	3	
<b>Transfers</b>		
Part year effect of transfer to Program 6 related to Logistics personnel	-355	
<b>Total Civilian Personnel</b>	<b>-522</b>	<b>-3.5</b>
<i>Administrative Expenses</i>		
<b>Real Variations</b>		
Increased provision for Project Related Studies Fund	758	
Increased provision for defence engagement initiatives	545	
Increased requirement for funding of National Support	392	
Reduced requirement for Australian Theatre initiatives	-300	
Miscellaneous minor variations	-220	
<b>DRP Savings</b>		
Related to Capability Development	4	
Related to Science and Technology	-4	
Related to Administrative Support	-390	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange parameters	159	
<b>Total Administrative Expenses</b>	<b>944</b>	<b>6.6</b>
<b>180-02 OTHER SERVICES</b>		
<b>Real Variations</b>		
Cessation of grant to the Red Cross Association	-12	
Reduced requirement for grant to Strategic Defence Studies Centre	-169	
<b>Total Other Services</b>	<b>-181</b>	<b>-60.1</b>
<b>181-00 EQUIPMENT AND STORES</b>		
<b>Real Variations</b>		
Provision for new Major Equipment	44,291	
Reduced provision for equipment funding in Capability Development	-200	
Reduced funding requirement related to \$125m initiatives	-269	

<b>Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 1.4</b>	<b>(\$'000)</b>	<b>%</b>
Reduced requirement for equipment funding in Australian Theatre	-1,020	
Miscellaneous minor variations	-102	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange parameters	7,381	
<b>Total Equipment and Stores</b>	<b>50,081</b>	<b>1,142.1</b>
<b>182-00 DEFENCE COOPERATION</b>		
<b>Real Variations</b>		
Increased levels of personnel and training assistance, offset in part by reduced project activity	3,593	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange parameters	207	
<b>Total Defence Cooperation</b>	<b>3,800</b>	<b>6.0</b>
<b>Total Defence Function Appropriations Variation (A)</b>	<b>54,915</b>	<b>37.1</b>
<b>DEFENCE RECEIPTS</b>		
<b>Real Variations</b>		
Increased provision for receipts	-20	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange parameters	-16	
<b>Total Defence Receipts Variation (B)</b>	<b>-36</b>	<b>3.3</b>
<b>Total Defence Function Outlay Variation (A+B)</b>	<b>54,879</b>	<b>37.4</b>
<b>TOTAL DEFENCE FUNCTION OUTLAY (1998-99 BUDGET ESTIMATE)</b>	<b>201,690</b>	