

## PROGRAM SIX: SUPPORT COMMAND

### OBJECTIVE

To deliver at minimum cost the materiel support required by the ADF to train and fight.

### DESCRIPTION

The Program Manager is the Commander Support Australia. The Program comprises five Sub-Programs:

- 6.1 Executive: provides support to the Commander Support Australia to meet command and Program management responsibilities, including accountability for the achievement of agreed SCA objectives, levels of service and the integration and standardisation of logistic processes and systems.
- 6.2 Logistics Operations - Navy: provides nominated materiel support for the operation, deployment and maintenance of maritime and other ADF forces.
- 6.3 Logistics Operations - Army: provides nominated materiel support for the operation, deployment and maintenance of land and other ADF forces.
- 6.4 Logistics Operations - Air Force: provides nominated materiel support for the operation, deployment and maintenance of air and other ADF forces.
- 6.5 Emergency Management Australia: formulates policy and provides resource administration and support for emergency management.

### STRATEGIES FOR 1998-99

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

- a. continue to rationalise and integrate structures and systems for the provision of materiel support to the ADF;
- b. continue to market test non-core activities;
- c. implement a performance management strategy and framework;
- d. continue to review the ADF inventory to reduce the range and number of line items held by Defence;
- e. continue to develop, with the assistance of industry, a Defence Integrated Distribution System; and

- f. enhance and improve emergency management capabilities and awareness nationally and in Australia's region.

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

Support Command's performance will be measured by financial and non-financial performance indicators to assess the extent that:

- a. customers are satisfied with the delivery of agreed levels of information, services and materiel and optimal through-life-support arrangements are established for new equipment;
- b. the SCA workforce acquires and maintains required competencies and continues to learn and grow;
- c. business processes are rationalised, standardised and improved and the migration to integrated, reliable and user friendly information systems is achieved;
- d. the book value of current and non-current assets is reduced; and
- e. industry is informed of SCA procurement requirements for goods and services and strategic alliances and partnering arrangements are put in place.

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

Performance forecasts will be developed as part of the Quality Management Plan and include:

- consolidating establishment of the SCA Program;
- reducing the number of logistic information systems;
- continuing the process of rationalisation and market testing;
- improving logistic and financial management competency through a comprehensive training strategy;
- improving inventory management, taking into account the ANAO report on Performance Management of Defence Inventory (No 5) published in October 1997;
- adopting continuous improvement emergency management strategies; and
- implementing a national approach to disaster mitigation.

## RESOURCES

**Table 6.1: 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	%
6.1 Executive <sup>(1)</sup>		25,457	32,581	25,920	-6,661	-20.4
6.2 Logistics Operations - Navy	812,824	608,939	617,268	634,047	16,779	2.7
6.3 Logistics Operations - Army	676,490	625,307	623,651	594,627	-29,024	-4.7
6.4 Logistics Operations - Air Force	675,877	729,047	724,731	830,216	105,485	14.6
6.5 Emergency Management Australia	11,171	11,154	11,154	10,785	-369	-3.3
<b>Program Total</b>	<b>2,176,362</b>	<b>1,999,904</b>	<b>2,009,385</b>	<b>2,095,595</b>	<b>86,210</b>	<b>4.3</b>

**Note:**

- Sub-Program 6.1 'Executive' includes Joint Logistics functions which in the 1997-98 Budget and Additional Estimates had been scheduled to be Sub-Program 6.2. All other Sub-Programs have been redesignated.

**Table 6.2: Staffing 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		
	Personnel Numbers						%
6.1 Executive <sup>(1)</sup>		55	91	138	47	51.6	
6.2 Logistics Operations - Navy	6,004	2,723	2,751	2,554	-197	-7.2	
6.3 Logistics Operations - Army	6,349	4,854	4,536	3,977	-559	-12.3	
6.4 Logistics Operations - Air Force	3,248	4,268	4,232	4,239	7	0.2	
6.5 Emergency Management Australia	63	63	56	60	4	7.1	
<b>Program Total</b>	<b>15,664</b>	<b>11,963</b>	<b>11,666</b>	<b>10,968</b>	<b>-698</b>	<b>-6.0</b>	

**Note:**

- Sub-Program 6.1 'Executive' includes Joint Logistics functions which in the 1997-98 Budget and Additional Estimates had been scheduled to be Sub-Program 6.2. All other Sub-Programs have been redesignated.

**Table 6.3: Staffing Profile**

Personnel		Sub-Program					Total
		6.1	6.2	6.3	6.4	6.5	
Permanent Force	97-98 Revised	49	524	1,672	3,459		<b>5,704</b>
	97-98 Estimated	49	524	1,641	3,459		<b>5,673</b>
	98-99 Budget	49	518	1,249	3,460		<b>5,276</b>
Reserves	97-98 Revised		530	459			<b>989</b>
	97-98 Estimated		530	459			<b>989</b>
	98-99 Budget		525	459			<b>984</b>

Personnel		Sub-Program					Total
		6.1	6.2	6.3	6.4	6.5	
Civilian	97-98 Revised	6	1,669	2,723	809	63	<b>5,270</b>
	97-98 Estimated	42	1,697	2,436	773	56	<b>5,004</b>
	98-99 Budget	89	1,511	2,269	779	60	<b>4,708</b>
<b>Total</b>	<b>97-98 Revised</b>	<b>55</b>	<b>2,723</b>	<b>4,854</b>	<b>4,268</b>	<b>63</b>	<b>11,963</b>
<b>Personnel</b>	<b>97-98 Estimated</b>	<b>91</b>	<b>2,751</b>	<b>4,536</b>	<b>4,232</b>	<b>56</b>	<b>11,666</b>
	<b>98-99 Budget</b>	<b>138</b>	<b>2,554</b>	<b>3,977</b>	<b>4,239</b>	<b>60</b>	<b>10,968</b>

**Table 6.4: Defence Portfolio Outlays Summary**

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	%
180-01 RUNNING COSTS						
Service Personnel	426,883	312,867	313,594	302,735	-10,859	-3.5
Civilian Personnel	268,047	202,752	228,428	210,071	-18,357	-8.0
Administrative Expenses	110,858	56,212	62,251	62,915	664	1.1
Facilities Operations	264					
180-02 OTHER SERVICES	6,829	6,829	6,829	6,785	-44	-0.6
181 EQUIPMENT & STORES	1,439,501	1,503,567	1,494,669	1,606,583	111,914	7.5
<b>Total Defence Function Appropriations (A)</b>	<b>2,252,382</b>	<b>2,082,227</b>	<b>2,105,771</b>	<b>2,189,089</b>	<b>83,318</b>	<b>4.0</b>
<b>Total Defence Function Receipts (Offset Within Outlays) (B)</b>	<b>-76,020</b>	<b>-82,323</b>	<b>-96,386</b>	<b>-93,494</b>	<b>2,892</b>	<b>-3.0</b>
<b>Total Defence Function Outlays (A+B)</b>	<b>2,176,362</b>	<b>1,999,904</b>	<b>2,009,385</b>	<b>2,095,595</b>	<b>86,210</b>	<b>4.3</b>

### Defence Reform Program

DRP savings in the Support Command Program will be realised through a program of rationalisation of activities (400 positions) and an extensive program of market testing (in excess of 5,000 positions) across a range of logistics functions, together with significant savings in the management of the Defence inventory, where the range and nature of items being held is being reviewed, with the aim of reducing their book value and carrying costs.

**Table 6.5: Estimated DRP Savings**

Category (\$m)	1997-98	1998-99	1999-00	2000-01	2001-02	Mature
Logistics	11.0	44.1	110.6	192.0	213.4	272.4
(Provision for contractor support) <sup>(1)</sup>	-10.0	-50.6	-116.4	-214.6	-233.0	-233.0
DRP Savings not yet Allocated		6.6	12.1	24.6	26.6	26.6
<b>Total</b>	<b>1.0</b>	<b>0.1</b>	<b>6.3</b>	<b>2.0</b>	<b>7.0</b>	<b>66.0</b>

**Note:**

- The savings in this program are net of contractor support. The gross Support Command saving does not represent the total saving to Defence. Efficiencies are also gained in the Personnel Executive Program and Defence Estate as a result of reduced personnel numbers.

**Table 6.6: 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
Logistics	617	496	1,463	777	2,939	891	3,268	988	3,450	988
<b>Total</b>	<b>617</b>	<b>496</b>	<b>1,463</b>	<b>777</b>	<b>2,939</b>	<b>891</b>	<b>3,268</b>	<b>988</b>	<b>3,450</b>	<b>988</b>

The reallocation of DRP savings to Support Command will be used to provide a level of materiel support that ensures the ADF can maintain professional standards and core skills in all warfare areas, with particular emphasis on the capability to respond to short-term contingencies and the ability to use safely all platforms and combat systems.

**Table 6.7: Estimated Reallocation of DRP Savings**

Category	1997-98	1998-99	1999-00	2000-01	2001-02
Amphibious Capabilities	4.1	31.0	21.5	14.0	20.8
Capability Related Logistics	106.2	107.1	116.1	164.4	73.4
Net Personnel & Operating Costs	14.7	50.1	42.5	50.0	33.6
DRP transition costs	17.9	2.1	0.4		
<b>Total</b>	<b>142.9</b>	<b>190.3</b>	<b>180.5</b>	<b>228.4</b>	<b>127.8</b>

**Table 6.8: Explanation of Major Variations**

Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 6.4		(\$'000)	%
Defence Function Outlay (1997-98 Estimated Outcome)		2,009,385	
<b>180-01 RUNNING COSTS</b>			
<i>Service Personnel</i>			
<b>Real Variations</b>			
Increased provision associated with ADF Workplace Bargaining Agreement		11,923	
Variations to attributions and rank profile structure following the refinement of post-DRP Program structures and Service personnel baselines		8,287	

<b>Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 6.4</b>	<b>(\$'000)</b>	<b>%</b>
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	93	
Decreased provision for PNF Reserve salaries	-76	
Variations in Accrual Based Superannuation payments resulting from the impact of pay increases, revised Employer Contribution Rates and movements in average staffing levels	-524	
Revised provision for allowances	-3,238	
<b>DRP Savings</b>		
Related to Logistics	-22,591	
<b>DRP Reinvestment</b>		
Non-recurrence of costs of 1997-98 DRP redundancies	-2,849	
<b>Transfers</b>		
Transfer of Living Out Allowance to Program 8 arising out of the Housing and Accommodation Policy Review	-1,884	
<b>Total Service Personnel</b>	<b>-10,859</b>	<b>-3.5</b>
<i>Civilian Personnel</i>		
<b>Real Variations</b>		
Variations in Accrual Based Superannuation payments resulting from revised Employer Contribution Rates and movements in average staffing levels	-2,467	
Variation in 3% Productivity Benefits payments resulting from movement in average staffing levels and changes in per capita rates	-316	
Miscellaneous minor variations	-923	
<b>DRP Savings</b>		
Related to provision for contractor support	4,000	
Related to Logistics	-7,217	
<b>DRP Reinvestment</b>		
Non-recurrence of costs of 1997-98 DRP redundancies	-13,675	
<b>Transfers</b>		
Transfer of the Quality Assurance elements from Program 9	1,886	
Transfer of the Australian Ordnance Council from Program 1	355	
<b>Total Civilian Personnel</b>	<b>-18,357</b>	<b>-8.0</b>

<b>Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 6.4</b>	<b>(\$'000)</b>	<b>%</b>
<i>Administrative Expenses</i>		
<b>Real Variations</b>		
Variations in Fringe Benefits Tax payments	-130	
Miscellaneous minor variations	-124	
<b>DRP Savings</b>		
Related to provision for contractor support	2,500	
Related to Logistics	-313	
<b>DRP Reinvestment</b>		
Non-recurrence of costs of 1997-98 DRP redundancies	-1,201	
New capabilities-Net Personnel and Operating costs	-1,307	
<b>Transfers</b>		
Net Program transfers	367	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange rate parameters	872	
Total Administrative Expenses	664	1.1
<b>180-02 OTHER SERVICES</b>		
<b>Real Variations</b>		
Miscellaneous minor variations	-142	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange rate parameters	98	
Total Other Services	-44	-
		0.6
<b>181-00 EQUIPMENT AND STORES</b>		
<b>Real Variations</b>		
New minor capital related capability items for the ADF including:	35,631	
- Weapons Training Simulation System		
- Hand-held Rangefinders		
- Commando equipment		
- Tactical Engagement Simulation System		
Provision for refurbishment work program for HS748 fleet	5,000	
Provision for AS350BA Squirrel Helicopter modifications and repairs	2,500	
Decreased provision for Operation Belisi	-3,392	
Slippage to 1999-00 of provision for F111 life-of-type spares procurement activity	-16,100	
Net effect of retrospective price and exchange movements	-18,080	
Decreased provision for Navy fuel, including fuel procured for foreign military	-21,000	

<b>Explanation for Variations Between 1997-98 Estimated Outcome and 1998-99 Budget Estimate Contained in Table 6.4</b>	<b>(\$'000)</b>	<b>%</b>
forces		
Variations arising from fluctuations in the ordering and billing patterns over a wide range of logistics items	-31,839	
<b>DRP Savings</b>		
Related to provision for contractor support	34,655	
Related to Logistics	-2,953	
Not yet allocated	-6,580	
<b>DRP Reinvestment</b>		
New capability - Net Personnel and Operating Costs	36,698	
Increased provision for Navy amphibious capability repair work	26,942	
Capability related logistics	864	
Non-recurrence of costs of 1997-98 DRP redundancies	-136	
<b>Transfers</b>		
Transfer associated with Aeronautical Research Development Unit from Program 4	2,155	
Net Program transfers	-367	
Transfer to Program 2 for Port Services contract	-10,256	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange rate parameters	78,172	
Total Equipment and Stores	111,914	7.5
<b>Total Defence Function Appropriations Variation (A)</b>	<b>83,318</b>	<b>4.0</b>
<b>DEFENCE RECEIPTS</b>		
<b>Real Variations</b>		
Reduced provision for sales of Navy fuel to foreign military forces	4,000	
Miscellaneous minor variations	-73	
<b>Price/Exchange Variations</b>		
Movement from 1997-98 Budget to 1998-99 price and exchange rate parameters	-1,035	
<b>Total Defence Receipts Variation (B)</b>	<b>2,892</b>	<b>-3.0</b>
<b>Total Defence Function Outlays Variation (A+B)</b>	<b>86,210</b>	<b>4.3</b>
<b>TOTAL DEFENCE FUNCTION OUTLAYS (1998-99 BUDGET ESTIMATE)</b>	<b>2,095,595</b>	