

PROGRAM 13: CORPORATE SUPPORT

OBJECTIVE

To contribute to maintaining and improving the efficiency and effectiveness of the ADF and the Department of Defence through the provision of a range of corporate services across Australia, and by reducing the proportion of Defence resources spent on corporate functions.

DESCRIPTION

The Defence Corporate Support Program is responsible for providing administrative services across Defence. The principal means of achieving its objective is to deliver services to meet the requirements of clients, on time, fit for purpose, and at a competitive and affordable cost. The Program has a central role in achieving savings from corporate services for transfer to Defence capability.

The Program Manager is the Head Defence Corporate Support. The Program comprises four Sub-Programs: Corporate Support; Base Support; Public Information; and Legal.

PROGRAM SUMMARY

The Defence Corporate Support Program, established on 1 July 1997, aims to achieve significant efficiency and effectiveness gains through rationalising, market testing and delivering non-operational corporate services on a Defence-wide basis. Significant services delivered by Corporate Support during its first year of operation included garrison support services, regional administrative services, national professional and function-related policy and operations such as public affairs, legal services and publishing library services, as well as services delivered on behalf of other Defence Programs such as delivery of military compensation and rehabilitation services, education and training administrative services and security services.

A range of service-level agreements with Defence clients was put in place, along with processes for assessing satisfaction and performance. Rationalisation of senior management was largely completed during the year and resulted in significant savings; rationalisation of clerical and administration functions commenced. Market testing of garrison support services was completed in South Queensland and the Hunter region, and commenced in most of the other ten regions. Plans for restructuring a range of other national corporate functions were finalised.

PERFORMANCE MEASURES FOR 1997-98

The performance of the Defence Corporate Support Program can be measured by the extent to which:

- a. corporate support services are provided in a timely and cost-effective manner and meet the identified needs of Defence Programs;
- b. legal advice is useful to decision makers;
- c. levels of awareness and public support for defence are maintained, and improvements in internal communications facilitate the implementation of the Defence Reform Program;
- d. Defence achieves more efficient energy usage and lower energy prices; and

e. the Program identifies and achieves savings.

1997-98 PERFORMANCE AGAINST FORECAST

Distribution of an implementation plan for the provision of a rationalised Defence-wide corporate support organisation and a related plan to yield required Defence Reform Program savings by the end of 1999-2000

An implementation plan, which provides guidance about how corporate services are to be delivered to Defence and how Corporate Support will make its contribution to the Defence Reform Program, was produced in February 1998. This plan is now complemented by more detailed business plans for national functions and regionally-based services. Work has been completed on confirming Defence Reform Program savings targets across the Five Year Defence Program for Corporate Support. As outcomes from market testing and rationalisation strategies evolve, additional savings are anticipated.

The development of client-focused performance measures for corporate support activities and performance agreements with client Programs for the provision of corporate support services

A series of Memoranda of Understanding were developed with each Program to document broad details of the services to be delivered by Corporate Support. Service-level agreements have also been developed, base by base, to provide more explicit details of the relationship between Corporate Support and clients in each region.

Significant effort has been put into the systematic monitoring of client satisfaction through a range of survey techniques. Given the range of different services and the essentially regional orientation of Corporate Support, there is no single overall measure of client satisfaction. However, the results of the initial round of monitoring provided a sound mechanism to assist in the identification of specific areas for greater attention and a meaningful start-point for the measurement of performance trends.

Improved positive awareness of Defence and improved public visibility of the ADF in major parts of the community

A major national benchmark research project was carried out by an independent research company in May and June 1998 which indicated there had been considerable improvement in the community's awareness of defence issues compared with previous years. The report showed that people felt they were better informed about Defence and wanted to hear more about it. Public perceptions improved in a number of areas including impressions of the modernity of ADF equipment, the high level of training of ADF members and the ability of the Defence Force to protect Australia against a limited attack. The report also indicated an improvement in the visibility of the ADF in the community and showed that the vast majority of Australians held uniformed personnel in high esteem. Resulting from the study, work has begun on the development of a new public affairs strategy for Defence which draws on the detailed findings of the research project.

Develop a strategy and plan for the market testing of corporate support functions, with the commencement of activities by September 1997

The market testing of corporate support functions has commenced. The market testing of garrison support services remains essentially on schedule, being completed in south Queensland and the Hunter region and brought forward in southern Victoria. The strategy for market testing of clerical and administrative functions was finalised and is oriented towards a regional, rather than national, solution. Plans for restructuring a range of other national corporate support functions were also finalised.

A number of corporate support services, which were already delivered under contractual arrangements, have been aggregated, rationalised and re-tendered. A new rental vehicle contract was negotiated and signed with DASFleet Rentals, and should provide savings of over 8% on current rental vehicle charges. The recommendations of the reviews of library services and publishing have been accepted, and resources have been transferred into the new Defence library service and Defence publishing service, with the two new organisations officially due to begin operations on 1 July 1998.

The establishment of a single Defence Legal Services organisation

The integration of the Defence Legal Office was completed with permanent and reserve legal officers from the three Services together with civilian legal officers and the Directorates of Freedom of Information and Archives and Historical Studies to provide legal advice and support to the Defence organisation.

During the year, the Defence Legal Office provided legal advice and support to the arrangements concerning the multinational peace monitoring operation in Bougainville, the ratification of the Ottawa Treaty banning anti-personnel landmines, and the finalisation of the text of the Status of Forces Agreement with New Zealand. Work was also undertaken in connection with the Rules of Engagement, including in relation to 'use of force' issues and combined Rules of Engagement with the United States and New Zealand. The Legal Office also made substantial contributions to a number of reviews, including a review of Indonesia's Archipelagic Sea Lanes proposal in the International Maritime Organisation, a parliamentary inquiry into the Military Justice System and the Abadee Report into the Arrangements for the Conduct of Trials Under the Defence Force Discipline Act.

The establishment of a single Defence public information organisation

A new joint public information organisation was established, integrating and collocating public information staff from the three Services with the rest of Defence public affairs staff in Canberra and in the regions. The new organisation has a Defence-wide focus, with particular emphasis on the promotion of the Navy, Army and Air Force.

The new Defence public affairs organisation was involved in a number of public relations activities during the year. The organisation coordinated the ADF's involvement in the Grand Prix in Melbourne in March 1998, where the promotional activities were estimated to have reached at least three million people within Australia, as well as a significant overseas audience. A Defence Force Exhibition at the Newcastle Show in February 1998 reached around 65,000 people, with 93% of visitors indicating in the exit poll that the exhibit improved their knowledge and understanding of the Defence organisation. Public Affairs also managed the intense media and public interest in developments following the tragic accident on board HMAS Westralia in May 1998.

The development of a plan for effective energy management across Defence and the negotiation of competitively-priced energy contracts as electricity and gas markets deregulate

A strategy to achieve, as a minimum, the Government's new energy efficiency requirements was finalised. It proposes to use a consultant to assist in developing and implementing a Defence energy management plan with investment requirements and energy reduction targets for each Defence site.

Requests For Tenders for electricity supply to major sites in Queensland and South Australia as well as additional contestable sites in Victoria were finalised for release to the market in August 1998. Expected savings are not as high as those achieved for earlier contracts in Victoria, New South Wales and the Australian Capital Territory. Pricing proposals for the Northern Territory electricity supply have been received and are being evaluated. Research has been undertaken on deregulation of the gas market, with a tender for some NSW sites expected to be released in early 1998-99.

RESOURCES

Table 13.1: Defence Function Outlay Summary

Sub-Program	1997-98	1997-98	1997-98	Variation	
	Budget Estimate	Revised Estimate	Actual Outcome	97-98 Actual less Revised Estimate	
	\$m	\$m	\$m	\$m	%
13.1 Corporate Support	77.7	30.8	88.2	57.4	186.3
13.2 Base Support	422.6	579.8	538.0	-41.8	-7.2
13.3 Public Information	4.8	8.8	8.0	-0.1	-9.8
13.4 Legal	5.7	37.4	33.7	-3.7	-9.9
Program Total	510.9	656.9	668.0	11.0	1.7

Note:

Figures may not add due to rounding.

Table 13.2: Staffing Summary ⁽¹⁾

Sub-Program	1997-98	1997-98	1997-98	Variation	
	Budget Estimate	Revised Estimate	Actual Outcome	(97-98 Actual less Revised Estimate)	
			Personnel		%
13.1 Corporate Support	116	149	216	67	45.0
13.2 Base Support	4,127	7,433	6,947	-486	-6.5
13.3 Public Information	48	79	96	17	21.5
13.4 Legal	96	109	96	-13	-11.9
Program Total	4,387	7,770	7,355	-415	-5.3

Note:

1. This table does not include Trust Account staff at Woomera.

Table 13.3: Staffing Profile ⁽¹⁾

<i>Personnel</i>		<i>Sub-Program</i>				<i>Total</i>
		<i>13.1</i>	<i>13.2</i>	<i>13.3</i>	<i>13.4</i>	
Permanent Force	97-98 Budget	20	1,988	22	21	2,051
	97-98 Revised	102	4,260	43	41	4,446
	97-98 Actual	79	4,137	43	40	4,299
Reserves	97-98 Budget	0	0	3	39	42
	97-98 Revised	0	0	3	39	42
	97-98 Actual	1	148	1	21	171
Civilian	97-98 Budget	96	2,139	23	36	2,294
	97-98 Revised	47	3,173	33	29	3,282
	97-98 Actual	136	2,662	52	35	2,885
Total	97-98 Budget	116	4,127	48	96	4,387
Personnel	97-98 Revised	149	7,433	79	109	7,770
	97-98 Actual	216	6,947	96	96	7,355

Note:

1. This table does not include Trust Account staff at Woomera.

1997-98 Defence Reform Program Progress

In 1997-98, Defence Corporate Support achieved substantial savings in the order of \$22.9m net, through rationalisation of senior management and clerical and administrative positions, in preparation for market testing. New structures and procedures such as the development of the National Service Centre concept largely contributed to this outcome. Significant savings were also generated from the aggregation, rationalisation and re-tendering of a range of corporate support contracts already in place.

Table 13.4: 1997-98 Defence Reform Program Savings

<i>Category</i>	<i>Personnel Savings</i>		<i>Savings \$m</i>
	<i>ADF</i>	<i>APS</i>	
Administrative Support	75	397	25.7
Logistics	50		7.8
Provision for contractor support			-10.5
Total	125	397	23.0

Table 13.5: 1997-98 Defence Reform Program Reinvestment

<i>Category</i>	<i>\$m</i>
Transition costs related principally to redundancies	4.8

Table 13.6: Reconciliation of Appropriations for Defence Corporate Support

Division/Appropriation Item	1997-98	1997-98	1997-98	Variation 97-98	
	Budget Estimate	Revised Estimate	Actual Outcome	Actual less Revised Estimate	%
	\$m	\$m	\$m	\$m	%
180-01 RUNNING COSTS					
Service Personnel	111.0	235.1	233.8	-1.3	-0.5
Civilian Personnel	89.9	127.6	117.5	-10.1	-7.9
Administrative Expenses	175.8	185.2	153.8	-31.4	-17.0
Facilities Operations	0.1	0	0	0	0.0
180-02 OTHER SERVICES	7.4	33.6	30.9	-2.7	-8.0
181 EQUIPMENT AND STORES	117.8	97.4	144.2	46.7	48.0
185 DEFENCE FACILITIES	11.8	0	0	0	0.0
SPECIAL APPROPRIATIONS					
DEETYA Subsidies	1.0	0	0	0	0.0
Total Defence Function Appropriations (A)	515.6	678.9	680.2	1.3	0.2
Total Defence Function Receipts (Offset Within Outlays) (B)	-4.7	-21.9	-12.2	9.7	-44.3
Total Defence Function Outlays (C)=(A+B)	510.9	656.9	668.0	11.0	1.7

Note:

Figures may not add due to rounding.

Table 13.7: Major Variations between 1997-98 Revised Estimate and 1997-98 Actual Outcome

Appropriation	\$m
180-01 RUNNING COSTS	
Service Personnel (-\$1.3m)	
Part year effect of the ADF Workplace Bargaining Agreement	3.8
Higher than anticipated Accrual-Based Superannuation and 3% Productivity Benefit liability	0.7
Increased requirement for reserve personnel	0.1
Variations in rank profile and per capitas	-0.8
Defence Reform Program Savings	
Related to Logistics	-1.9
Related to Administrative Support	-3.2
Civilian Personnel (-\$10.1m)	
Provision for Defence Reform Program related redundancies	4.8
Part year effect of the Civilian Workplace Bargaining Agreement	1.7

<i>Appropriation</i>	<i>\$m</i>
Provision for Commercial Support Program transition costs	0.6
Increased provision for Trainee Administrative Service Officers	0.4
Savings due to rationalisation of management and clerical administrative functions	-2.0
Net Program transfers including Defence Information Technology staff and Directorate of Voice Communications Systems	-3.0
Less than anticipated Accrual-Based Superannuation and 3% Productivity Benefit liability	-4.3
Minor miscellaneous variations	-0.1
Defence Reform Program Savings	
Related to Administrative Support	-8.2
Administrative Expenses (-\$31.4m)	
Provision for Contractor Support for Commercial Support Program activities including assistance with the Garrison Support In-House Option	2.5
Variation in Fringe Benefits Tax payments	-2.8
Net Program transfers including the Department of Foreign Affairs and Trade common charges, Navy Leave Travel and Royal Military College Corporate Support	-8.2
Savings due to renegotiation of electricity supply contracts and ongoing rationalisation of the Defence Corporate Support Program	-11.1
Defence Reform Program Savings	
Related to Administrative Support	-11.8
180-02 OTHER SERVICES (-\$2.7m)	
Grant to RUSI	
Increase in grant to fund creation of a National Secretariat	0.03
Legal and Compensation	
Lower than anticipated Voyager claims	-0.1
Lower than anticipated requirement for legal and compensation	-1.0
Net Program transfers primarily associated with Compensation and Legal expenses	-1.6
181 EQUIPMENT AND STORES (\$46.7m)	
Net Program transfers relating primarily to the transfer of existing Garrison Support Commercial Support Program contracts	46.5
Provision for contractor support	10.5
Savings associated with rationalisation of Garrison Support	-1.9

<i>Appropriation</i>	<i>\$m</i>
Defence Reform Program Savings	
Related to Administrative Support	-2.5
Related to Logistics	-5.8
DEFENCE PORTFOLIO RECEIPTS (\$9.7m)	
Net Program transfers primarily associated with the transfer of stores receipts	9.7
Lower than anticipated collection of receipts	6.6
Net movements in Woomera Trust Account	-6.6

Note:

Figures may not add due to rounding.