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Vice Chief of Defence Force Group
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LOGISTICS is an essential element of combat capability. The Australian Defence Force has been at a high operational tempo for some time and, in all likelihood, will continue to do so. Effective delivery of logistics support is essential to operational success.

Provision of logistics is a key cost driver for Defence. In the last decade, where the ADF has maintained a consistently high operational tempo, logistics support to operations has achieved an effective level of support however not necessarily in a cost-effective or efficient manner.

The Defence White Paper 2009 established a program of deep reform in Defence’s capabilities, including logistics, to enable Force 2030. The ADF needs to establish a robust basis for future support to operations, while optimising the cost of logistics by taking a whole of Defence approach to the reform program. Defence needs to fix the fundamentals of logistics business and align with the Defence business model. Additionally, modernisation of Defence logistics will require a well orchestrated plan, built on thorough analysis of the business.

This Australian Defence Strategic Logistics Strategy will shape and provide the visibility throughout Defence of the challenges to be faced in the logistics environment. It is a strategy with a five year outlook and I urge all Services and Groups to become cognisant of what is occurring in this space, stay informed and engaged.

D.J. HURLEY, AC, DSC
Lieutenant General
Vice Chief of the Defence Force
> Vision
To create a robust, flexible and responsive logistics system capable of providing future support to operations in the global context
1. Vision
To create a robust, flexible and responsive logistics system capable of providing future support to operations in the global context.

The Australian Defence Strategic Logistics Strategy is the overarching strategic logistics document with a five-year outlook. The Australian Defence Strategic Logistics Strategy seeks to synchronise and integrate the execution of logistics elements to address the requirements of higher level Government guidance and Defence Strategic Plans. It articulates where we are going and will be underpinned by Themes that articulate the how we are going to get there.

3. Delivery
The delivery of logistics is via organic logistics elements within each of the Services, supported by a complex network of Defence service providers, industry organisations and international agreements with other nations. Adding to the complexity is the dynamic nature of the many supply chains and the need to tailor them to suit the specific needs of individual and concurrent operations as well as ensuring the proper support for weapons systems across their life cycle.

4. Measuring our Performance and dealing with Risk
Our strategic objectives will be measured to ensure suitable risk mitigation and risk management processes are embedded into logistics governance.

5. Approach
The ADF logistics environment is large and complex, which will require significant activity to be undertaken to deliver the outcomes required by Chief of the Defence Force (CDF) and Government. This Strategy addresses the challenges and strategic objectives to be undertaken and contains the following:

MODERNISATION OF DEFENCE LOGISTICS WILL REQUIRE A WELL ORCHESTRATED PLAN, BUILT ON THOROUGH ANALYSIS OF THE BUSINESS

Chapter 1
Introduction
A description of the purpose and scope of the Australian Defence Strategic Logistics Strategy.

Chapter 2
Defence Strategic J4 – Strategic Intent
An outline of the Strategic J4 Intent for taking Defence Logistics forward in the next five years.

Chapter 3
Environment
Describes the logistics environment in which the strategic logistics objectives are to be achieved/progressed in the next five years.

Chapter 4
Strategic Logistics Themes
Themes articulate Defence Logistics initiatives to meet both the ADFs output as well as to build for the future.
TO ENSURE SUSTAINED ADF OPERATIONAL SUCCESS CONTINUES, IT IS IMPERATIVE THAT THE FUTURE ADF JOINT LOGISTIC SYSTEM IS CAPABLE OF QUICKLY ADAPTING TO CHANGES IN OPERATIONAL REQUIREMENTS AND EMBRACING NEW TECHNOLOGIES THAT WILL IMPROVE PERFORMANCE AND/OR REDUCE COSTS
The ADF has undergone substantial reform since the mid-1990s and in the same period has excelled in the planning and conduct of joint and combined operations. The ADFs success on global, regional and national operations has been enabled by a comprehensive logistics support system comprising organic ADF support capabilities, and coalition, host-nation and contracted support capabilities.

To ensure sustained ADF operational success continues, it is imperative that the future Defence Logistics system is capable of quickly adapting to changes in operational requirements and embracing new technologies that will improve performance and/or reduce costs.

In the last decade, where the ADF has maintained a consistently high operational tempo, logistics support to operations has achieved an effective level of support but not necessarily in a cost-effective or efficient manner. Future logistics solutions must be delivered through a cost conscious lens.

The vision for Defence Logistics is to create a robust, flexible and responsive logistics system capable of providing future support to operations in the global context.

The system will minimise the cost to Defence of logistics by introducing best-practice skills, systems and facilities and be capable of rapidly responding to routine and priority logistics business.

Defence Logistics must constantly challenge its performance by comparison with industry benchmarks.

Defence logisticians must be well educated, professional, masters of technology and capable of managing complexity in an ever changing environment.

Logistics assurance and compliance will be delivered through better systems, practices, facilities and an appropriately trained and manned force.

We are under no illusions. This body of work, although significant, will only provide a sound basis from which to continue the transformation of Defence Logistics. This will require dedicated leadership, perseverance, innovation and resources, together with a culture where pursuit of reform will continue to deliver efficiencies and ensure that support to the future force will be first class.

I look forward to working with the Services and Groups to achieve the vision.

M.M. STAIB, AM, CSC
Air Vice-Marshal
Commander Joint Logistics
Defence Strategic J4

2.0 DEFENCE STRATEGIC J4 – STRATEGIC INTENT
3.0 ENVIRONMENT

Current and future operations exist within an extremely diverse, complex, and globally distributed environment. Governments are expected to manage tensions associated with increasing populations, diverse ethnicity and culture, urbanisation, industrialisation, globalisation, and dwindling national resources. In the next two decades the ADF will be confronted with challenges of combat, security, engagement, relief and reconstruction activities. Opponent capabilities will range from improvised to high-technology weaponry.

Defence White Paper 2009

The 2009 Defence White Paper explains how the Government plans to strengthen the foundations of Australia’s defence. The force structure of the future or Force 2030 will deliver a stronger, more agile, harder-hitting and muscular Defence force. This is the military force Australia requires for the uncertainty of our strategic circumstances in the future. The Defence Logistics system must rise to the challenge of being able to support this force while preserving the required components of the enduring principles of logistics.

Future Trends in Logistics

In developing this strategy it is instructive to understand the emerging trends in commercial logistics and to assess how these trends might impact and be incorporated into Defence Logistics. This provides context when transforming the logistics systems of today to ensure it meets future demands.

Globalisation will still be a significant influence because of the freer movement of information, capital and trade, and the rapid development of, and access to, technology and communications. This has significant implications for logistics as supply chains become more globally connected, require more agility to respond to global changes from customer demands, and require innovative strategies to contain costs over the life cycle of Defence equipment.

The supply chain leadership challenges of the 21st century are becoming increasingly complex. The future environment will be characterised by constant change with increasing levels of uncertainty and ambiguity. The logistics system, whilst driving down cost, must at the same time build a degree of resilience to hedge against risk of interruption to supply.

The Defence Logistics system is complex. The actions that deliver logistics support are steps in a long, interrelated and highly complex chain of activity. Logistics therefore needs to be understood in terms of an overall system. The delivery of logistics is via organic logistics elements within each of the Services, support by a complex network of Defence service providers, industry and international agreements.
Adding to the complexity is the need to tailor supply chains to suit the specific needs of operations as well as ensuring the proper support for capability systems across their life cycle and the need to integrate into global supply chains. This complexity will continue out to 2030.

Success in the future joint logistics environment will come from aligning the efforts of Defence agencies, the industrial base, non-government agencies national support, and our interagency and multinational partners to further develop and refine the logistics system. The logistics system will become more efficient and effective when all logistics partners and stakeholders are aligned, interoperable, can leverage all support available, and are synchronised such that the support provided is optimised.

Employment of emerging supply chain technologies and decision support tools will be instrumental in being able to achieve success in delivering Defence logistics outcomes.

**Strategic Guidance Framework**

The Australian Defence Strategic Logistic Strategy seeks to synchronise and integrate the execution of logistics elements to address the requirements of higher level Government guidance and Defence Strategic Plans. The Australian Defence Strategic Logistics Strategy identifies the areas of focus that will enhance Defence’s ability to operate successfully in a joint and coalition environment, and articulates the higher level objectives. It articulates *where we are going*. It will be underpinned by Theme plans that articulate *how we are going to get there*.

**Defence Strategic J4 Role**

Providing sound strategic direction is critical; it allows for initiatives to be assigned, doctrine to be developed, concepts to move forward, and relationships and communications to solidify. Defence logistics integration, coordination and modernisation are key undertakings of Commander Joint Logistics who has been appointed by the Chief of the Defence Force as the Defence Strategic J4.

Vesting this accountability for shaping the logistics capability under a single appointment provides an avenue for significant benefits and efficiencies, such as enabling an improved Defence-wide inventory assurance program to support Defence’s Financial Statements. However, these benefits can only be harvested through close working relationships with all Services and Defence Groups.
To ensure a robust, flexible and responsive logistics system capable of providing future support to operations in the global context, the logistics capability within Defence must be re-invigorated and its constituent capabilities matured. Defence logistics must develop a culture of innovation if it is to achieve its vision and establish best-practice capabilities. Whilst there is a strong backbone upon which to build in the form of the Defence Strategic Logistics Reform Program, there are a number of areas that will require focus. This must be done in the context of the Strategic Reform Program (SRP) to ensure an effective and efficient logistics system is delivered.

The Themes of logistics capability and supporting initiatives that are the focus of this Strategy are:

- Logistics Support to ADF Operations, Major Exercises and Activities;
- Defence Strategic Logistics Reform Program;
- National Support Base;
- International Logistics Engagement;
- Logistics Input to Capability Development;
- Logistics Workforce Planning;
- Logistics Information Systems;
- Explosive Ordnance;
- Strategic Fuel;
- Defence Logistics Assurance; and
- Defence Radiation Safety and Assurance.
The Themes and Key Objectives are described in the next section of this Strategy. They will each be addressed and expanded in subordinate plans.

The 11 Strategic Logistic Themes support the delivery of Vice Chief of the Defence Force’s Output of: Provide and coordinate logistics support to operations, exercises and the Raise, Train, Sustain function.

Consultation and progress against the logistics strategic objectives will be managed through the governance of the Defence Logistics Committee and, where necessary, through higher Defence senior committees e.g. Three Star Logistics Stream Governance Committee.
4.1 LOGISTICS SUPPORT TO ADF OPERATIONS, MAJOR EXERCISES AND ACTIVITIES

4.1.1 Further develop joint logistics planning processes between logistics staff at Joint Operations Command, Joint Logistics Command, Defence Materiel Organisation, the three services and other Groups as appropriate.

4.1.2 Enhance ADF preparedness management and reporting by developing sustainability statements and measures for all key capabilities between logistics staff at Joint Operations Command, Joint Logistics Command, the Services and other Groups as appropriate.

> Vision

Ensure the ADF has robust and responsive logistics support to operations through an optimal balance of organic ADF, contracted and coalition capabilities; where defined preparedness levels are achieved through a comprehensive sustainment plan.
Theme Context

The provision of logistics support to ADF operations is the highest priority task and will continue to receive priority over all other tasks. This will continue in the future with the ADF fulfilling a variety of roles including participating in combat operations, humanitarian assistance and disaster relief independently or as part of a coalition force. As such, it is important to maintain a focus on continued improvement to maintain an effective and efficient operational logistics system.

At the strategic level, logistics provides the resources that generate combat power, positions those resources in the battle space, sustains them throughout the operation and redeployes and regenerates them. These resources include a variety of organic single service capabilities that when grouped and deployed can deliver joint logistic effects augmented by coalition and contracted support capabilities.

Through the ADF preparedness system, specific combat, combat support and combat service support capabilities are placed at varying readiness levels to meet directed tasks. An inherent part of measuring the preparedness of each force element is defining the level of sustainment needed for that element to meet its operational tasks. Defence defines ‘sustainment’ as the provision of personnel, logistics and other support required to maintain operations until successful accomplishment of the mission or national objective. The accurate assessment of the individual and collective sustainment requirements will be a major focus in the near term.

4.1.3 Develop and deliver mission specific logistics training to prepare individuals and groups to conduct their operational support tasks.

4.1.4 Mature the ADF’s operational contracting capability as a fundamental part of future logistics support to operations.

4.1.5 Capture operational logistics lessons to ensure Defence Logistics doctrine remains relevant.

4.1.6 Develop operational supply chain and operational contracting analytical tools to provide increased situational awareness and support robust decision making.

4.1.7 Deliver coordinated JLC logistics support, other than EO, to operations and agreed logistic support to ADF exercises, to enable the Services to meet their raise, train & sustain function.

4.1.8 Deliver equipment maintenance outcomes to agreed levels in Defence Service Agreements.
4.2 DEFENCE STRATEGIC LOGISTICS REFORM PROGRAM

Vision
To transform Defence’s logistics infrastructure, business systems and processes, Information and Communications Technology, and materiel maintenance services to be global leaders in joint logistics solutions for the ADF

Theme Context
The SRP is Defence’s highest priority after support to operations. The logistics reform stream is one of 15 streams comprising the SRP. A robust, flexible and responsive logistics system is at the heart of the ADF’s capability. To attain the standard of logistics support required for the ADF in the future, Defence will improve its logistics infrastructure network, optimising the use of associated technologies and then applying similar reforms to its retail network. Defence will also optimise its equipment maintenance.

Outdated facilities will be replaced and Defence’s 24 wholesale sites will be consolidated into seven, supported by seven specialist logistics units. The rationalisation will optimise the storage and distribution functions of Defence to provide effective operational support sustainably and efficiently. Defence will pursue opportunities for significantly increasing the productivity of logistics support activities in inventory management and the supply chain.
These SRP initiatives are being collectively undertaken by the Defence Logistics Services Project (DLSP) Team and are summarized as:

- the Future Wholesale Storage and Distribution Initiative,
- modernisation of Defence’s Land Materiel Maintenance Services, and
- the Automated Identification Technologies (AIT) initiative.

DLSP will also contribute to logistics innovation through the implementation of the Logistics Analysis and Innovation Centre (LAIC). The LAIC will provide ‘proof of concept’ analysis activities, being the development, evaluation, validation and demonstration of business process improvement initiatives and 21st century technologies that aim to improve Defence logistics effectiveness and efficiency as part of the deeper reform of Defence Logistics. The LAIC will seek to prove these concepts, develop them into working level solutions, quantify the expected ‘Return-on-Investment’ and develop plans for their introduction into service.

**DELIVER SIGNIFICANT BUSINESS IMPROVEMENTS THROUGH THE REMEDIATION OF HIGH PRIORITY LOGISTICS SHORTFALLS**

### Objectives

4.2.1 Consolidate and rationalise Defence’s existing wholesale storage and distribution.

4.2.2 Deliver significant business improvements through the remediation of high priority logistics shortfalls.

4.2.3 Improve materiel logistics sustainment and preparedness.
4.3 NATIONAL SUPPORT BASE

> Vision

Ensure the National Support Base infrastructure enables, supports and enhances ADF operations

Theme Context

To facilitate training and support to mounting of operations, Defence requires access to various elements of national infrastructure such as ports, roads, airfields as well as the ability to comply with other federal legislation requirements such as Customs and Quarantine regulations. Often these facilities are commercially owned and therefore Defence is competing with commercial priorities. Harnessing the support from the National Support Base (NSB) is a critical enabler of Defence operations.

Objectives

4.3.1 Identify and ensure development of NSB infrastructure support requirements of Defence capability development proposals and major capital equipment projects.

4.3.2 Monitor and influence Australian government and civil sector NSB infrastructure developments that have implications for the ADF Mounting System Capability.

4.3.3 Manage and influence ADF access to NSB infrastructure support.

4.3.4 Implement and manage formal National agreements and arrangements for directed logistics services from the NSB.

4.3.5 Optimise the use of strategic contracts to provide general and specialist support services to augment ADF organic logistic capabilities.

4.3.6 Enhance relationships with other Federal Departments, State and Territory governments, and other critical providers of national support services.
The key to ensuring adequate NSB infrastructure and/or facilities are available to support mounting and conduct of ADF activities is timely awareness of capability characteristics and needs. Timeliness in terms of infrastructure arrangements and implementation can be as long as the gestation of the capability itself, particularly support provided by the Australian civil sector if premiums for Defence-specific modifications are to be avoided.

Defence needs to foster good working relationships with other Federal Agencies, State and Territory Governments, and commercial entities to ensure future strategic planning is cognisant of Defence requirements. Similarly, Defence needs to play a proactive role in such planning and take into account future government and commercial sector development in its own planning.

Since the early 1990s an essential and enduring part of the ADF logistics system has been the outsourcing of select logistics functions. The philosophy of strategic contracting will continue into the future where and when it clearly provides a more efficient use of resources and/or provides a more effective supply chain support solution. The aim will be to achieve an optimal balance between strategic contractors and the ADF organic capability to allow the ADF to maintain the organic skills set to focus on training for, and participating in, operations.
Nations are less able to depend solely on their national support base. Australia is no exception and is increasingly reliant on the highly complex, and increasingly congested, global supply chain. ADF capabilities will rely on cooperation and interoperability with other nations and private industry for seamless sourcing, transport, tracking and timely delivery of logistics support – effectively interacting with the Global Logistics Enterprise.

Logistics is therefore a key element of Defence’s international engagement efforts. International logistics agreements take a variety of forms, in some cases they have treaty status, and are crucial for the effective support of the war-fighter outside of the NSB. When logistics support is not available from the NSB, the required support should be sourced from coalition partners, regional partners, private industry or host nations.

> Vision
Ensure International Logistics arrangements enable ADF operations to be supported effectively and in a timely manner anywhere.
Objectives

4.4.1 Develop logistics interoperability between the ADF and international counterparts to enhance support during coalition operations.

4.4.2 Enhance the ability of regional nations to contribute logistics support to regional operations, including Humanitarian Assistance and Disaster Response (HA/DR).

4.4.3 Promote the development of logistics support capability and capacity in regional nations.

4.4.4 Develop a framework of international logistics relationships and supporting agreements/arrangements.

It is in Australia’s interest that countries within the Area of Paramount Defence Interest have the institutional strength, governance, professionalism and capacity in the logistics field to support and sustain current and future operations through a collaborative effort.

In order to improve our capacity and capability, and to ensure interoperability with key partners, we must seek practical cooperation and operational familiarity. We must seek to develop this through cooperating for mutual benefit and the sharing of capabilities, concepts, technology and information as well as the development of common processes and approaches where appropriate to optimise operation of the Global Logistic Enterprise.

IN ORDER TO IMPROVE OUR CAPACITY AND CAPABILITY, AND TO ENSURE INTEROPERABILITY WITH KEY PARTNERS, WE MUST SEEK PRACTICAL COOPERATION AND OPERATIONAL FAMILIARITY
4.5 LOGISTICS INPUT TO-capability DEVELOPMENT

4.5.1 Provide specialist logistics scrutiny, analysis, advice and support in order to ensure emerging capability, capability support, concepts and proposals are integrated and synchronised within the Defence Logistics Framework.

4.5.2 Contribute to the development and inclusion of policy and procedures for logistics input to Capability Development in the Defence Capability Development Handbook, Doctrine and associated documentation, within the System of Defence Instructions.

4.5.3 Correctly structure the Strategic J4 logistics workforce to service the requirement for Logistics Input to Capability Development.

> Vision
Ensure all Capability Development projects have a viable logistics support concept, integrated and synchronised with, the Defence Logistics Framework on acceptance into Service.
Capability Development covers the phases in the Capability Life Cycle until the capability has been fully accepted into service and acquisition has been completed. The Capability Manager (CM), Capability Development Group (CDG), and the DMO provide the Main (Supported) Effort during Capability Development. However, several Defence Groups and Agencies fulfil vital specialist scrutiny, analysis, and advisory roles in the Supporting Effort. Specialist logistics scrutiny, analysis, advice, and support are provided jointly by CM and Defence Strategic J4 logisticians. CM logisticians analyse the emerging capability and capability support concepts and proposals, and identify and advise on any possible impact the proposed capability might have on the Supply Chain that services the CM. Defence Strategic J4 staff, analyse the emerging capability and capability support concepts and proposals, and identify and advise on possible impacts on the broader Defence supply chain. The intent behind this process is to shape and influence the support concept to be compatible with the current support system and ensure new capabilities can effectively integrate with the Defence Logistics Framework.

As the Defence Strategic J4, CJLOG is a member of the Options Review Committee, the Capability Development Board and the Defence Capability Committee. Additionally, the Strategic J4 is an observer on, and advisor to, the Defence Capability and Investment Committee. In these roles, the Strategic J4 is required to provide assurance to CDF that Capability Development proposals have been subject to logistics analysis and that relevant logistics considerations have been made in consultation and with the support of the affected CM.

Theme Context
4.6 LOGISTICS WORKFORCE PLANNING

> Vision
Develop a logistics workforce which is well educated, masters of technology, capable of managing complexity in an ever changing environment, and comfortable working at an operational level with joint, combined, interagency, non-governmental, private and multinational partners

Theme Context
Defence requires highly motivated, educated and professional logisticians who are masters of their trade. The increasing complexity of operational platforms, communication mechanisms, deployment strategies and reliance on foreign allies and private industry will impact on the way in which logistics support is provided. Combined with the changing nature of operational and platform support delivery, business management practices will be redesigned and corporate skill sets enhanced to ensure a strong backbone of corporate excellence underpins the logistics network of the future.

Key elements of this vision include developing a strong program of skilling and professionalisation against the extant logistics proficiency framework whilst developing a more comprehensive understanding of the skilling impacts of future platform and operational environments.

Through joint training activities, talent sharing practices and broader training opportunities, logistics personnel will be comfortable in a variety of joint, combined and interagency operational settings.

The characteristics of our future logistics model will require lean and more efficient work practices, and harnessing new technology to increase visibility while reducing the requirement for labour intensive activities such as stocktaking.

Defence industry and private stakeholders which enable Defence logistics will face similar demographic challenges to Defence. Opportunities to engage in industry skilling initiatives will be explored to ensure that each component of the Defence logistics continuum is working together for a highly skilled and sustainable workforce end state.
Defence Strategic Logistics Strategy

4.6.1 Establish a skilling and professionalisation framework for Defence logisticians.

4.6.2 Attract and retain high quality personnel through promoting careers in Defence logistics, maintaining responsiveness to workforce expectations and providing an environment of professional excellence.

4.6.3 Contribute to the ongoing development of the logistics discipline through sponsorship of post graduate positions and encouraging an increased level of original academic work undertaken on the Australian Defence environment.

4.6.4 Undertake proactive workforce planning to identify key risks early and ensure workforce initiatives are well targeted to achieving the future end state.

4.6.5 Create opportunities for operational familiarity with other agencies.

Objectives

DEFENCE REQUIRES HIGHLY MOTIVATED, EDUCATED AND PROFESSIONAL LOGISTICIANS WHO ARE MASTERS OF THEIR TRADE
4.7 LOGISTICS INFORMATION SYSTEMS

> Vision

Develop agile and adaptable Logistics Information Technology systems that use modern and proven technology to manage all elements of the complex Defence supply chain in a rationalised, trackable, accountable and efficient manner.

Theme Context

As Defence moves to an increasingly modernised Force 2030, logistics information management must keep pace to provide efficient, cost-effective sustainment. A modern logistics system must be underpinned by modern end-to-end logistics information management and supporting Information and Communication Technology (ICT).

Logistics process innovations in Defence have historically been Service specific, with numerous local developments.

While beneficial in their own right, this created a legacy Defence logistics information management environment that has become fragmented and inefficient, with non-standard business processes, a proliferation of systems, inconsistent and poorly integrated enterprise architecture, poor stakeholder visibility and lack of a single authority for capability management. This has resulted in an excessive training, management, upgrade and data aggregation liability.
The logistics information environment requires an open architecture able to integrate a variety of interfaces and applications and accommodate ‘plug and play’ software, systems and capabilities. Future Defence logistics information management and ICT must be capable of managing multiple supply chains of varying velocities across the full spectrum of the Defence logistics business. It must provide business intelligence and visibility to support effective and efficient logistics planning, simulation, decision making, reporting and optimisation.

With well over 130 separate systems, the current Logistics Information System is certainly inefficient and costly to support and maintain. There is considerable scope to rationalise Logistics Information Systems – improving business practices, leveraging common processes, and consolidating to reduce the number of systems. Industry best practice suggests considerable potential exists to contain through-life support costs of the systems in the process.

The implementation of the Military Integrated Logistics Information System (MILIS) is fundamental to the rationalisation and greater standardisation and the later phases of MILIS JP 2077 2B.2 and 2D deliver this.

**Objectives**

4.7.1 Continue the delivery of MILIS, particularly JP2077 2B.2 and 2D and adoption of the service oriented architecture style to promote re-use and faster outcome achievement.

4.7.2 Actively work to rationalise Defence’s Logistics Information Systems in support of broader whole of Defence applications rationalisation initiatives.

4.7.3 Maximise the benefits of data accuracy, reduced stock management time, and end-to-end visibility by applying AI.

4.7.4 Identify and segment Defence’s slow moving inventory and implement an AI solution to reduce the management overhead.

4.7.5 Enable Business Intelligence/ Business activity monitoring for enhanced logistics performance management, operations planning and simulation.

4.7.6 Continue to develop the governance structure for the management and acquisition of logistics information systems.

4.7.7 Develop processes to facilitate more rapid technology insertion in order to accelerate Defence Logistics reforms.

**THERE IS CONSIDERABLE SCOPE TO RATIONALISE LOGISTICS INFORMATION SYSTEMS – IMPROVING BUSINESS PRACTICES, LEVERAGING COMMON PROCESSES, AND CONSOLIDATING TO REDUCE THE NUMBER OF SYSTEMS**
> Vision

Ensure all elements of the Explosive Ordnance (EO) capability are effectively coordinated and managed holistically across the entire EO domain to meet ADF preparedness requirements in a cost conscious manner.

Theme Context

EO is a critical element of the ADF that delivers lethal effects. Success in planning and conduct of joint operations to date has been achieved in the face of a number of inefficiencies. Like many other facets of logistics support, EO management has in the past been managed in a disjointed, uncoordinated and fragmented manner.

The lack of a whole-of-capability perspective has led to duplication of responsibility in some areas and accountability gaps in others. Due to the lack of consistent demand forecasting and consumption management, stock procurement has become reactive and overall inventory health, in terms of stock depth and serviceability, has suffered. Notwithstanding the current program of reforms underway in Defence and the DMO, further improvements to the operating system and governance framework are required to improve the efficiency and effectiveness of EO outcomes for the ADF.
Security of supply for some important EO natures is essential to the ADFs ability to prosecute its mission. Sourcing EO from a diversity of global suppliers mitigates supply risk and assures value for money through competition. However, Australia’s geographic separation from major EO suppliers, principally located in North America and Europe, results in protracted lead times for some natures requiring increased inventory holdings as a hedge against stockouts.

To mitigate the costs and risks from importing all of the ADFs EO requirements and to ensure security of supply for some EO natures, Australia has invested heavily in its domestic capacity to manufacture some high volume usage munitions. These industry capabilities will be further developed under the auspices of the Domestic Munitions Manufacturing Arrangements Project.

## Objectives

4.8.1 Develop and implement a Defence-wide system of governance for the management of EO that adopts a whole-of-capability approach, and is consistent with the Defence Business Model.

4.8.2 Implement appropriate processes to shape the EO inventory to achieve ADF preparedness requirements.

4.8.3 Consider domestic EO manufacturing capability as a potential mitigation to acquiring and stockpiling EO, and pursue opportunities for Australian industry to participate as a supplier in the global supply chain.

4.8.4 Develop and implement a program to rationalise and revitalise Defence EO infrastructure, ensuring facilities are suitable for the full range of ADF EO logistic functions to support Force 2030.

4.8.5 Pursue EO workforce development, from a whole-of-Defence perspective, that accords with governance and technical regulatory requirements and, wherever possible, is mutually beneficial for industry.

4.8.6 Pursue options to achieve an effective enterprise-level solution for information system support for management of EO, that is integrated with Defence General Ledger and core logistics information systems.

4.8.7 Deliver coordinated JLC logistics support for EO to operations, and agreed EO logistics support to ADF exercises, to enable the Services to meet their raise, train and sustain function.

4.8.8 Pursue rationalisation of EO Proof and Experimental arrangements, to enable a robust, comprehensive and efficient Defence EO testing capability.
4.9 FUEL

Vision

Ensure the ADF is shielded from threats to fuel supply through increased fuel efficiency, fuel agility and sufficient domestic production, storage and transport capacity

Objectives

4.9.1 Develop and incorporate Defence surge requirements for fuels in commercial supply arrangements.

4.9.2 Actively participate in the management of fuel, and assist Defence in the reduction of demands.

4.9.3 Provide advice and support in the drive to optimise storage and distribution networks for cost effective support to operations and conduct of the broader supply chain function.

4.9.4 Participate in a national approach to mitigating the risks and meeting the challenges of peak oil.

4.9.5 Emphasise fuel efficiency and agility as key enabler of future capability.

4.9.6 Take a ‘fast follower’ approach to alternative fuel technologies.
Fuel is a critical enabler for all Defence activities and has the potential to be the greatest supply chain risk in the medium to longer term. The ADf must seek to insulate itself from risks to fuel supply and resultant cost shocks to ensure the mobility of ADf manoeuvre platforms and cost efficient operation of the broader Defence supply chain.

Procurement, storage and distribution of fuel by the ADf comprise a complex range of activities across a number of Defence Programs, conducted at geographically dispersed locations, both in country and offshore. The private sector owns, controls and manages vital bulk fuel infrastructure capabilities which are of critical importance to the operational readiness of the ADf.

The trend towards corporatisation and privatisation of State-owned infrastructure has posed some added challenges for Defence.

The ADf currently uses over 350 different oils and lubricants and eight different types of fuel, four of which are military specific. Military specific fuels include additive packages, which the ADf considers essential for the operation of its ships, aircraft and vehicles in a range of demanding environments.

Alternative fuels sources and platforms that are ‘fuel agile’ provide the greatest insurance against risks to fuel supply and resulting price volatility. Australia is well placed for the production of several raw elements of alternative fuel options with large reserves of natural gas, coal-to-liquid and bio-mass.

New and future capabilities should be designed to embrace the tactical advantages provided by more fuel efficient hybrid and alternative fuel power plants. Defence could take an active involvement in the search for alternate fuel and become one of the key change-drivers in the local market for alternative fuel sources. Defence is 1-2% of the Australian market for liquid (petroleum) fuel and lubricants, many being unique to Defence. These commodities and quantities are not market drivers. Defence needs to be a fast follower and be positioned to change when the market changes.
Vision

Assure Defence inventory preparedness and maintain the Government’s and the Australian people’s confidence in Defence inventory management practices, procedures and systems.

Objectives

4.10.1 Develop Defence logistics governance and assurance activities to achieve effective inventory management across the Repairable Item, General Stores Inventory, Fuel and Explosive Ordnance inventories.

4.10.2 Measure performance to inform, develop and implement initiatives to improve logistics assurance management and outcomes.

4.10.3 Enhance analysis and reporting to Defence Stakeholders and senior management.
Theme Context

Defence inventory assurance activities help achieve logistics preparedness in support of war fighting capability by assuring that Defence has the right equipment at the right place, at the right time, in the right quantity and condition. Defence must achieve this in a controlled, auditable and transparent manner which ensures the inventory is managed correctly. Financial statements and records must reflect true quantities, values, conditions, ownership and location of the inventory. It will only achieve this through the realisation of a mature model of logistics assurance. Defence achieves this assurance through the production, implementation and auditing of policies, procedures, processes and systems.

Defence has implemented a principles-based framework, which is supported by a robust inventory management assurance network and underpinned by clearly defined and agreed roles and responsibilities. Through this framework, Defence is able to create an environment which validates conformance, supports improvements and reports performance. The framework, and the subsequent strategy, consists of four layers:

- Business Process Management;
- Controls;
- Stocktaking; and
- Price Record Assurance.

This assurance is achieved by the Defence Strategic J4 coordinating an annual logistics compliance, assurance, and performance measurement and reporting program across all of Defence on behalf of the Vice Chief of the Defence Force.

DEFENCE INVENTORY ASSURANCE ACTIVITIES HELP ACHIEVE LOGISTICS PREPAREDNESS IN SUPPORT OF WAR FIGHTING CAPABILITY BY ASSURING THAT DEFENCE HAS THE RIGHT EQUIPMENT AT THE RIGHT PLACE, AT THE RIGHT TIME, IN THE RIGHT QUANTITY AND CONDITION.
4.11 DEFENCE RADIATION SAFETY ASSURANCE

> Vision

Assure the health and safety of Defence personnel, and the protection of the environment, from the harmful effects of radiation, through a comprehensive Radiation Safety Management System.
Defence has implemented a business model for the governance of the radioactive sources and facilities domain, consistent with the guiding principle of a single point of accountability. Within this domain, Defence radiation sources and facilities are licensed, and their occupational and environmental dealings are regulated, under the Australian Radiation Protection and Nuclear Safety Act 1998 (the ARPANS Act). The central tenets of the business model are to achieve clearer lines of responsibility for radiation safety; improve communications both within Defence and externally to the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA); and improve responsiveness to inspection findings and incident reports. The mainstays of the model are the devolution of responsibility to Nominees within each Group and Service – and their coordination through the Defence Radiation Safety and Assurance Committee – and the improvement of strategic communications – through the Defence ARPANSA Liaison Forum.

This assurance is achieved by the Defence Strategic J4 coordinating a Defence wide radiation safety management program to assure the Secretary and CDF that Defence is meeting ARPANSA and Australian Safeguards and Non-Proliferation Officer permit obligations.

Theme Context

ASSURANCE IS ACHIEVED BY THE DEFENCE STRATEGIC J4 COORDINATING A DEFENCE WIDE RADIATION SAFETY MANAGEMENT PROGRAM TO ASSURE THE SECRETARY AND CDF THAT DEFENCE IS MEETING ARPANSA AND AUSTRALIAN SAFEGUARDS AND NON-PROLIFERATION OFFICER PERMIT OBLIGATIONS

Objectives

4.11.1 Lead and manage the Defence radiation safety management system through the six pillars of governance, hazard management, information exchange, training and awareness, licence administration and compliance management, and accident oversight and analysis.

4.11.2 Ensure Defence conformance with the requirements of the Radiation Safety Management Program.

4.11.3 Facilitate ARPANSA’s external compliance inspection program and regulatory reporting requirements.

4.11.4 Implement a self-regulated framework for assuring SEC/CDF that Defence is meeting its statutory obligations.
Defence Strategic Logistics Strategy