

## **PAPER 7 - WHAT HAPPENED TO THE RAAF'S SUPPLY BRANCH?**

The supply support function within the RAAF was for decades headed by an Air Board member, the Air Member for Supply and Equipment (AMSE), later to become the Air Member for Supply (AMS) when 'equipment' assumed a wider meaning that encompassed an increasing operator, engineering, and maintenance involvement. The rank of the head of the Branch was also reduced from Air Vice Marshal to Air Commodore, a move which reduced considerably his effectiveness. The role of the AMSE was, very broadly, to take a lead role in the procurement of new weapon systems, and to procure the range of technical and other equipment needed to support Air Staff plans and programmes. He was involved often with arranging supply support agreements at the highest level with other government agencies, particularly for Foreign Military Sales support from the US Services.

At 1980, the RAAF Inventory comprised some 644,000 items, the majority of which were technical in nature and so were required to support maintenance activities. While 644,000 may seem to some to be a large number, it needs to be remembered that the RAAF was operating aircraft from several countries, some newish, but many had been in the inventory for decades and a few would well qualify as being geriatric, with the RAAF often the last operator. Following production, prime contractor support will often drop away, sometimes rather sharply, and operators have to look beyond the manufacturer to obtain supply and other support for many items. Most operators traditionally maintained a sound level of organic support capabilities to provide a measure of independence from what may become unreliable sources of support, and also to develop and maintain a technical knowledge in some depth so that the status of the fleet and the acceptability of contractor proposals can be evaluated fully from an engineering/maintenance/supply aspect, with a sound measure of confidence.

In retrospect, the RAAF's inventory in 1980 probably reflected well the span and depth of maintenance being carried out within the Service and that outsourced to industry. Maintenance done within industry was often supported by Repair Loan Stores (RLS) located at contractors and carrying the spares needed for RAAF work. While this practice was subject to criticism, it did provide for:

- The rapid movement of RAAF maintenance from one contractor to another, or back into the Service, should such a move become necessary.
- Some economies of scale, and in item cost, as the RAAF had well-established lines of supply and could buy in bulk from sources not normally available to maintenance contractors.
- The RAAF could also absorb the overheads associated with carrying a range of 'insurance items', those generally high-cost items that are expected to be required over the life of an aircraft, but may not be

available readily (or as cheaply as they were during the aircraft production phase) when needed during later years.

The RLS approach needed review in regard to many items where breakdown spares were available readily from commercial sources without adverse impacts on RAAF operations, airworthiness, or maintenance programmes, although this approach will attract an inventory management cost premium to the maintenance task. For some aircraft and equipment, however, the RAAF may need to hold support spares for operational or maintenance economy reasons.

The RAAF inventory also established acceptable sources of supply built up over long-term experience. Where possible, local supply was given precedence, provided technical acceptability, cost, and availability rules were satisfied. Orders were not placed automatically upon Original Equipment Manufacturers (OEMs) if the item was not manufactured by the OEM, unless peculiar circumstances existed. To do otherwise would usually incur several levels of price mark-up and delays as the requirement would usually have to be sub-contracted several levels down the supply chain. Spares requirements were also aggregated to obtain economies of scale. These and many other inventory management techniques served the RAAF well and contributed much to the high levels of aircraft serviceability and airworthiness achieved.

The general policy driving the supply support system was to reduce the risk of supply problems impacting maintenance, and thus operations, in the most economic manner possible. Working with engineering and maintenance staffs, a range of inventory control systems and procedures evolved which set economic order quantities, economic packaging quantities, the management of alternatives and supersession items, and economic resupply algorithms, to name a few. The supply data base also contained data elements set by engineering, maintenance, and supply staffs that ensured tight control of airworthiness standards.

The RAAF's data base was thus unique in its integrated supply, engineering, and maintenance management requirements, and was planned to be updated through the Supply System Redevelopment Programme (SSRP). However, this was disbanded under pressures of cost and structural change. Commercial-off the Shelf (COTS) was the flavour of the time, notwithstanding the fact that COTS systems failed completely to meet the RAAF's management requirements, or indeed those of any significant engineering/maintenance orientated organisation. Eventually, the RAAF's supply system was stripped down by the DRP, essentially to a number of simple, independent, procurement systems that have been the subject of much criticism.

The RAAF's supply system pre-DRP also carried responsibility for equipment accounting. The system imposed and followed was somewhat pedantic – too pedantic for use during overt hostilities. The US Services wrote equipment off when it was issued to operational areas, whereas the RAAF continued to hold

everything to account and conducted checks such that all accountable items were audited physically at least annually. It was almost impossible to lose anything. It is thus difficult to comprehend the prolonged and chronic problems that Defence is facing with its accounting. The problem may well be the adoption of commercial accounting standards for military equipment. The fundamental question will always remain: *What is the real value of a weapon system or piece of military equipment following delivery?* Usually it is:

- Whatever it might bring on the open market, if the terms of its original procurement permitted it to be sold to a third party, or
- whatever its scrap metal or residual value may be.

The question to be asked is what practical use is some perceived value of a piece of military equipment at any one time, apart from possibly being some help in determining its economic repairability, and even then it may have to be repaired irrespective of cost. Such decisions were made continually with confidence by the RAAF using criteria built up from experience. Defence has entrenched a most expensive financial accounting system, the pragmatic usefulness of which seems to be quite suspect. The need for an accounting policy appropriate to defence requirements may need to be revisited.

In summary, as with other technical support functions, the RAAF's supply system has been stripped down and de-skilled to the point where it fulfils few, if any, of the tasks that were found to be critical to the efficient, economic, and safe support of RAAF operations. Supply support needs substantial rethinking to bring it back to its rightful, important role.

*The supply function in the RAAF must be well keyed into engineering and maintenance management and have sensible procurement rules if it is to regain its role as a key element in the support of RAAF operations, maintenance efficiency, and airworthiness.*

*Air Cdre E.J. Bushell AM (Retd)*

*June 2006*