

House of Representatives, Monday 4 September 2000

COMMITTEES: Foreign Affairs, Defence and Trade Committee: Report

Mr HAWKER (Wannon) (12.31 p.m.) —On behalf of the Joint Standing Committee on Foreign Affairs, Defence and Trade, I present the committee's report entitled *From phantom to force: towards a more efficient and effective army*, together with evidence received by the committee.

Ordered that the report be printed.

Mr HAWKER —This report on our Army comes from an inquiry held under unique circumstances. When the defence subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade commenced this inquiry some 15 months ago, Australia's regional circumstances were different from those of today. During that period, Australia was engaged in military commitments not seen for a generation. Most of these commitments were being borne by the Army. These circumstances and the Army's role in them have inevitably impacted on our report. While justifiably proud of our Army, the evidence we received over the last 15 months has left us concerned for its future capability.

Members of this House should be aware that the brigades within our Army have on average only 50 per cent of the soldiers they require for operations. If these brigades were fully staffed, they would still need a hefty injection of equipment for deployment in operations. In dollar terms, it is estimated that this injection would cost \$4½ billion. While the performance of our Army over the last decade has been impressive, much of it has been and remains hollow. It could be characterised as a 'phantom army'. From the evidence received by our committee and from talks with both reserve and regular soldiers, we believe that this situation must be improved. It is clear that partially staffed units with little equipment are a major source of dissatisfaction. These hollow units destroy morale, encourage separation from the service and probably inhibit recruitment. Most significantly, they do not deliver capability to the nation.

This report is very much about improving the Army's capability. To do that we have not felt constrained by traditional concepts for structuring, equipment and staffing. We believe that the stakes are too high to approach the suitability of the Army in any other fashion. In practical terms, our report recommends the effective doubling of the Army's capability to respond to short warning contingencies by the creation of four capable, fully staffed and ready brigades. It also recommends increasing the Army's capability to respond to more significant threats by the development of a force expansion capability 30 per cent greater than the current force—that is, we believe that the Army must be able to expand to 12 brigades within a reasonable warning time. Finally, we recommend the reinvigoration of the Army's personnel structures by aligning the regular and reserve components into a single entity for the purposes of employment arrangements, training and operations.

Our committee will circulate this report and then seek the views of the community on the recommendations we have made. In this report, we present a model for a future army. If this model is to be successful in increasing the capability and efficiency of the Army, it will need to be refined through consultation and discussion, and it will need to be broadly owned and supported by the community and by the Army. We believe that, as a consequence of this approach, we can help create a highly capable and efficient army. It will evolve from being a hollow phantom into a more efficient, effective and sustainable force.

In conclusion, I would like to thank the many people who took time to contribute to this inquiry. This includes many private citizens, non-government organisations, academics and departmental staff. It also included serving soldiers and officers within both the regulars and the reserve. I believe their efforts have resulted in a significant contribution to the current

national discussion on our defence policy and the future of our armed forces. I would also like to thank all members of the committee, in particular the Deputy Chairman, the member for Chifley Mr Roger Price, and the very efficient and effective secretariat headed up by Margaret Swieringa. The committee would also like to thank Lieutenant Colonel Leo Hogan and Lieutenant Colonel Michael Ward for their help. The committee expresses its deeply felt thanks to the secretariat. I commend this report to the House.

Mr PRICE (Chifley) (12.36 p.m.) —I congratulate the Chairman of the Joint Committee of Foreign Affairs, Defence and Trade and endorse his remarks. When I proposed the terms of reference of the inquiry to the committee after its reformation following the last election, I had in mind the looming trouble in East Timor. I could not have imagined the outcome being such a radical report. Our recommendations are very broad and limited in number but focused. We resisted the temptation to get into the detail, but there is plenty in this report and its real impact is in its implications and implementation. It provides a realistic model upon which the Army can be radically restructured to meet our national security needs.

The defence of Australia is not solely dependent on the ADF or, indeed, the Army. It starts with diplomacy and regional engagement. National security requires a formal and informal whole of government approach, and a national security council is recommended. Only this government could be relaxed and comfortable that Australia is still not reconciled with Indonesia, our largest and closest neighbour and our most important regional friend.

An area of difficulty for the committee was dealing with concepts such as the defence of Australia, the planning anarchy that resulted from ASP 97, abandoning ten-year warning time and providing no warning time guidance and whether peacekeeping is or is not a force determinant. The report has identified Australia's area of critical strategic interest and calls upon Army to be able to mount concurrent operations of one brigade and one battalion of low- to mid-level intensity in coalition or under UN mandate, and be able to man, equip and sustain it. Our four brigade type formations would be able to do that, something that our current army cannot. We provide for a warning time of two years in which a serious threat would need to be met, providing a surge capability of a further eight brigades.

Our serving men and women performed so well in East Timor, but even that effort was managed with great difficulty and it would have been unsustainable had the initial numbers been required to stay longer. The committee found that we have phantom brigades, phantom equipment and phantom dollars. The committee has blown away the sandcastles. It cuts out phantom brigades and boutique capability and requires uniform equipment provision. It provides a model to sustain our army into the future.

Whilst we appreciate the contribution of reservists serving in East Timor, we reject the current fashion for slot theory in the utilisation of reserves which of itself demonstrates the failure of this government's reserve policy. The committee has removed all distinctions between reserve and regular units. A Ready Reserve type component could be reconstituted under our proposals. The committee has rejected technology edge for a capability edge. It's the punch you pack that counts, not whether you have the most glamorous glove. In fact, it is becoming increasingly difficult to maintain a technology edge in our region anyhow.

'Totally integrated fighting force' is a concept used in the report which will become increasingly important. No single service can operate on its own. It is the way they operate together that delivers the biggest punch. The committee's desire to cost our proposals was hampered because Army did not appear to provide figures upon which the committee could rely. About the change process, we suggest that the Russell Hill mandarins and brass should get down and dirty and talk to all levels within Army rather than being overly reliant on chain of command and e-mails which are no substitute for face-to-face meetings. Implementation of the report will entail great political courage and leadership, if not will. I worry about Australia if the Minister for Defence does not sign up to the report. Then I worry, if he does sign up,

will he cancel out at the last moment? I hope we do not have to have body bags to establish the veracity of this report.

I wish to acknowledge the contribution of Lieutenant Colonel Leo Hogan, our military adviser, without whom this report could have not been written, and his predecessor, Lieutenant Colonel Michael Ward. I also thank Margaret Swieringa who made a seamless transition from Human Rights to Defence. I commend the report to all honourable members. I urge them to read it; our country's future may depend upon it.

Mr SNOWDON (Northern Territory) (12.41 p.m.) —Chapter 2 of this report begins with a quotation attributed to the philosopher George Santayana:

Those who cannot remember the past are condemned to repeat it.

The overall strength of this report, which I join the Chairman and Deputy Chairman of the Defence Subcommittee in commending to the House, is its realism and relevance. It achieves the intentions of the Defence Subcommittee because it bases its proposals for where we intend to go on the acute awareness of where we are and where we have come from. There is no doubt that this report is challenging. It challenges assumptions and it poses challenges to the policymakers. In particular, it challenges Army, the Australian Defence Force and the government to confront the issues it points to and deal with them to create an army that is relevant to our needs and flexible enough to meet emerging trends. And, instead of proposing a 'behind closed doors' arrangement, it says that there needs to be a willingness to go and talk to the Australian people about the document and its implications. We are all stakeholders in the defence of this country and I for one am pleased to see this recognition of the fact. I hope that Defence listens carefully to the wider community and listens with equal care to the diverse voices within the Defence family. The Armed Forces Federation of Australia, as representative of the interests of ADF members, should be closely involved in negotiating change.

The chairman and deputy chairman have already taken the House through the key issues addressed in the report. It looks in detail at the issues of restructuring, logistics and the force structure. The report defines the key issues of hollowness and the inability to function operationally and looks at the balance of capabilities and the stagnation of the structure in peacetime. But I would like to stress the importance of the recognition of the hollowness of the current army to consideration of this report's recommendations. I believe it is as important as recognising the changing strategic environment and the level of resources needed to make our army effective. It is a matter of which we in the Northern Territory are acutely aware. Not only do we have a hollow structure, but that structure is threatened by shortcomings in supply and logistics. I hasten to add that these shortcomings are not the fault of the commanders in the field. Rather, they are explicitly the fault of a dysfunctional system that fails to provide anywhere near the appropriate level of resources—financial, human and material.

During a subcommittee visit to the Northern Territory recently, we became aware of such issues as, for example, the Army's only tank regiment having no ammunition for the next year's training needs; artillery short of 155 millimetre, with one regiment having only 1,300 rounds to fire over a 12-month period; soldiers voicing their opinion that Army is at the bottom of the food chain for resources and equipment; removal of the requirement for the army individual readiness notice for a 33-round shoot to save ammunition and an overall reduction annually on ammunition available for training; and three-man crews for tanks that need four-man crews. And the list goes on. There are also serious questions about the level of morale in the ADF generally and in Army in particular. Some of these relate to the above matters.

But there is a significant threat to morale in the inability of Defence management to deal with ongoing personnel issues. I refer firstly to the arbitrary and unilateral decision to reduce the remote locality leave travel entitlement which was raised during the course of this inquiry.

There are also very real fears that the application of fringe benefits tax reporting requirements will have a direct and negative impact on real income levels because of the potential to lift rounded-up income beyond the levels for family allowance and other income support to which all Australians are entitled. Members will be aware that I brought these matters to the attention of the Minister Assisting the Minister for Defence two months ago. He said at the time that he understood these were serious issues and that he would investigate them. His investigation has resulted in a bureaucratic explanation of the application of normal departmental liability to RLLT and the reduction of offset entitlements.

I understand the definition of NDL, and I am very clear on the fact that this has been a cost-cutting exercise, but I also understand that these arguments do not wash with the troops. It makes them angry to be offered such gratuitous statements to explain away their legitimate grievances. The issue here is not the real changes but the fact that the troops in the field feel misled. The ADF was asked in mid-1999 what they thought about the future of RLLT and their answer was a resounding, 'Leave it alone.' Defence personnel executives came back in late 1999 and the typical response was, 'Leave it as is because if we do not get a lump sum we will not be able to afford a holiday.' DPE reduced the entitlement by coming to a fare deal with Qantas and told the ADF about the new deal after it had begun to take effect.

I might also point that ADF members who went to Timor and those who stayed behind in Northern Australia to support them did not take their leave at Christmas time and so they missed out on offsetting their RRLT at full value—a full fare Darwin-Adelaide economy return for those serving in Darwin. If they take their leave now they will only get a reduced amount because that has now become the normal departmental liability. Similarly, the ADF has now belatedly recognised that the FBT might be an issue. These are issues which need to be addressed urgently. I would like to acknowledge and thank the committee secretariat for their diligence and hard work. (Time expired)

Mr HAWKER (Wannon) (12.46 p.m.) —by leave I would like to thank my colleagues from the Defence Subcommittee who have made a contribution to this debate on the report Towards a more efficient and effective army, but more importantly I thank them for their very diligent work on the inquiry and in the preparation of this report. I emphasise that this is a significant report. It will have a big impact on the debate. It is a report that the committee would like to think will have a big impact on the future role that the Army is going to play in defending this country. It is all about taking the Army into the next century. It is all about facing up to the current shortcomings, which the member for Chifley so effectively has outlined, adding to the points that the member for the Northern Territory and I have made. It is all about taking effective action. As we have titled the report, it is all about making our army more efficient and effective. We feel that it will be cost effective and affordable. The timing of these recommendations is significant. There is a window of opportunity, which will not be there beyond about the year 2007, to bring the Army up to the standard that all members of this House and indeed all Australians would expect. We are all very aware of the equipment requirements of the Navy and the Air Force towards the end of this decade and the likely budgetary impact that will have. Addressing these issues, we have made 12 very important recommendations. They are all about getting a better, tighter focus on defence. They are all about getting a proper national security policy. As we have pointed out, they address the issues of the regulars and the reserves and come up with what we believe is a very good solution that will address the concerns that have been raised. It is all about follow-up as well. Appendix G of the report proposes an Army capability enhancement project which is all about working through the recommendations of the report and putting them into place. We also talk about ongoing monitoring for the purposes of the parliament. Every six months a report comes back to the parliament so that all members are aware of what is happening. I recommend this report to all honourable members and to the wider Australian community. It

not only is an eminently readable report but has a wealth of information. It also puts things in historical perspective. In the last century, while the Australian Army and the troops have done an outstanding job, I am not sure that the same can be said of some of the planning that has been done, particularly in preparation for earlier engagements.

Mr SPEAKER —Order! The time allotted for statements on the report has expired. Does the member for Wannon wish to move a motion in connection with the report to enable it to be debated on a future occasion?

Mr HAWKER —I move:

That the House take note of the report.

I seek leave to continue my remarks later.

Leave granted.

Mr SPEAKER —In accordance with standing order 102B, the debate is adjourned and the resumption of the debate will be made an order of the day for the next sitting. The member will have leave to continue speaking when the debate is resumed.