

Generic Issues

Introduction

- 6.1 The final session of the hearing on the 2001-2002 Defence Annual Report was an 'open session' in which a range of generic issues were raised. The Chief of the Defence Force (CDF) and the Secretary of Defence were both available for this session and responded effectively to the range of questions.
- 6.2 The key issues raised during the session focused on ADF Reserve Policy, the Defence Update 2003 which was released the day before the hearing on 26 February 2003, and military justice. Each of these issues is discussed in more detail in the following sections.

Reserve Policy

- 6.3 Reserve policy is the responsibility of the Vice Chief of Defence Force Group. The 2001-02 Defence Portfolio Budget Statements outlined the following objective as a priority for Reserve policy:
- Allow wider employment options for enlisted Reservists and provide increased support to Reservists and their employees.¹
- 6.4 In response to this objective, Defence reported:

1 cited in the 2001-2002 Defence Annual Report, p. 215.

This priority was substantially achieved in 2001-02. Legislative amendments in 2001 provided the ADF with wider call-out provisions and gave authority for Service Chiefs to restructure their Reserve components. This presented increased opportunities for the employment of Reservists. Regulations to authorise new categories of Reserve service, including high-readiness Reserves, will be introduced in December 2002. Associated conditions of service packages will be introduced as new categories are raised.²

6.5 The six new categories of Reserve service which were authorised from 1 December 2002 are:

- High Readiness Active Reserve
- High Readiness Specialist Reserve
- Specialist Reserve
- Active Reserve
- Standby Reserve
- Other categories³

6.6 On 18 May 2003 the Government announced a further expansion of the role of Reserves in helping to bolster Australia's defences against terrorism. The Reserve Response Force will now be able to help police respond to a terrorist incident. The Minister for Defence stated:

The Reserve Response Force soldiers will be trained for short notice response to domestic security incidents including terrorist incidents as well as quick response to other civil emergencies. Reserve Response Forces will be employed primarily as formed units to cordon off an area, provide static protection of a site or to assist other ADF elements. They could also provide limited on site medical and transport support.⁴

6.7 During the hearing, aspects of Reserve operation were clarified and additional information was sought. For example, the status of the 'high-readiness reserves' was examined. Defence stated:

Admission to high-readiness reserve status is contemplated based on the availability and competency of the individual reservist and it will reflect an important career aspiration for the soldier.

2 2001-2002 Defence Annual Report, p. 215.

3 Defence Personnel Regulation 2002

4 Minister for Defence, *Media Release*, Reserves to Bolster Australia's Defences Against Terrorism, 18 May 2003.

High-readiness reserves are contemplated on a national footing. As we look towards the introduction of the scheme, the first step is to encourage individual reservists to come forward.⁵

6.8 Defence indicated that in view of the extra commitment in training required to achieve high readiness reserves, the aim is to achieve about 2000 reservists at this level.⁶

6.9 In view of the extra training and level of preparedness required of high readiness reserves, the issue of their conditions of service was raised. Defence stated:

In a philosophical sense, I agree with you that if we ask more of the reserves, we should be offering them more. We are certainly, within Army, preparing our position in relation to the high-readiness reserves and it does encompass an enhanced conditions of service package so that we can reward them; that there is an incentive there; and also that they are equipped to do the tasks that we might ask of them.⁷

6.10 In relation to Australia's peacekeeping effort in East Timor, a Reserve Company was sent to East Timor. This is the first time since World War II that a combat unit of Army Reserve soldiers has deployed on operations. The duration of the reservist deployment is six months.⁸ Defence stated:

The company that has deployed to East Timor is a blended company, predominantly from the brigades in New South Wales and southern Australia. They are completely reservists. It is not as though we have put a structure of regulars there. They are reservists who have volunteered, who have gained permission and authority from their employers.⁹

6.11 The total and individual Service costs of ADF Reserves is not provided by Defence through its Annual Report or PBS. In 2001 the Australian National Audit Office (ANAO) conducted a performance audit on the ADF Reserves.¹⁰ The ANAO sought from Defence data on the full cost of operating the Reserve forces. Defence was able to provide some data but the ANAO was forced to derive some costs. The indicative cost of the Army Reserve in 1999-2000 was \$952 million.

5 Major –General Greg Carde, Head Reserve Policy, *Transcript*, p. 19.

6 Lt-General Peter Leahy, *Transcript*, p. 21.

7 Lt-General Peter Leahy, *Transcript*, p. 18.

8 General Peter Cosgrove, Chief of the Defence Force, *Transcript*, pp. 75-76.

9 Lt-General Peter Leahy, Chief of the Army, *Transcript*, p. 5.

10 Australian National Audit Office, *Audit Report No. 33, 2000-01, Australian Defence Force Reserves*, Department of Defence.

- 6.12 The cost for Air Force and Navy Reserves was more difficult to determine and the answers were sourced from Defence answers to Parliamentary Questions on Notice in May 2000. From this, the Air Force Reserve was estimated to cost \$20 million and the Navy Reserve \$19 million.¹¹
- 6.13 The ANAO concluded that detailed information on the cost of ADF Reserves was needed. The ANAO, therefore, recommended that 'to provide transparency of the costs of maintaining Reserve forces, Defence annually establish and publish the full cost of each Reserve service and the capabilities provided.'¹² Defence agreed to the recommendation noting that 'it will take some time to implement since it depends on the maturity of planned financial and management systems and costing models.'¹³
- 6.14 During the hearing, Defence confirmed that if a cost figure of \$950 million is used to determine the cost of the Army Reserve, then this equates to about \$60 000 per head given that there are about 16 000 Army Reserves.¹⁴

Conclusions

- 6.15 The ADF Reserves make a significant contribution to overall Defence outcomes. Since 1999 Reservists have been deployed to East Timor and through a variety of other countries. In relation to the East Timor commitment, this is the first time since World War II that a combat unit of Army Reserve soldiers has deployed on operations.
- 6.16 The role of Reserves is set to expand through the establishment of a Reserve Response Force which will respond to domestic security incidents including terrorist incidents. It is noted that the high readiness reserves will be called upon to provide an increased range of services. The Government must ensure that the conditions of service for Reserves is commensurate with their high utilisation in regular forces and, in particular, their contributions to forces on overseas deployments.
- 6.17 There is a paucity of cost data and performance information on the ADF Reserves. The ANAO noted this in 2001 and made a recommendation to improve the level of transparency of maintaining ADF Reserve forces. The Committee agrees that there is a need for improved transparency through the provision of detailed cost data on the ADF Reserves. The Defence Portfolio Budget Statement should include an additional 'outcome

11 *Audit Report No. 33, 2000-01, Australian Defence Force Reserves*, p. 121.

12 *Audit Report No. 33, 2000-01, Australian Defence Force Reserves*, p. 122.

13 *Audit Report No. 33, 2000-01, Australian Defence Force Reserves*, p. 122.

14 Mr Lance Williamson, Director-General, Corporate Management and Planning, Department of Defence, *Transcript*, p. 45.

statement' which includes information on the ADF Reserves. This outcome could provide information on the total cost of the Reserves, the cost for each Service, regimental and unit breakdown and a range of performance targets down to formation equivalent level. The Defence Annual Report should then report on achievement against the nominated performance targets. This information would provide a useful starting point for scrutinising the value, performance and effectiveness of the ADF Reserves.

- 6.18 As part of future reviews, the Committee will examine in more detail the training, effectiveness and capability of Reserve forces, in particular the Army, and the extent to which they are being blended with regular Army units. As a first measure, Defence should include in its Annual Report a detailed description of the role, structure and function, including transition to new functions, of all Reserve forces, and the extent to which Army is blending them with regular units. This description should provide a diagrammatic representation detailing all Army Reserve units, their size, location and the regular Army units that they support.

Recommendation 6

- 6.19 **The Department of Defence should include cost data on the ADF Reserve Forces including total cost data and cost data by Service. The Defence Portfolio Budget Statement should include a new Outcome Statement which includes information on the Reserves and provides information about Reserve capability together with measurable performance indicators down to formation equivalent level.**

Recommendation 7

- 6.20 **The Department of Defence should include detailed information in the Defence Annual Report on the role, structure and function, including transition to new functions, of Reserve forces and the extent to which Army is blending them with regular Army units. This description should provide a diagrammatic representation detailing all Army Reserve units, their size, location and the regular units that they support.**

Defence Update 2003

6.21 On 26 February 2003 the Government released *Australia's National Security, A Defence Update* which builds on the Government's Defence White Paper, *Defence 2000: Our Future Defence Force*.

6.22 The *Defence 2000 White Paper* is not a static document but is subject to change through the annual strategic review process. This ensures that significant events, which may influence the security environment, are factored into military strategy on an annual basis. The Defence Minister stated:

This statement [*Defence Update 2003*] reviews the implications for Australia's defence posture. It concludes that while the principles set out in the Defence White Paper remain sound, some rebalancing of capability and expenditure will be necessary to take account of changes in Australia's strategic environment. This rebalancing will not fundamentally alter the size, structure and roles of the Defence Force, but will inevitably result in increased emphasis on readiness and mobility, on interoperability, on the development and enhancement of important new capabilities and, where sensible and prudent, a reduced emphasis on capabilities of less importance.¹⁵

6.23 One of the key events that has changed the strategic security environment is the impact of 9-11, and other terrorist activity including the Bali bombings. *Defence Update 2003* stated that 'while the Defence White Paper focused on the development of capabilities for the Defence of Australia and its National Interests, two matters – terrorism and the spread of weapons of mass destruction, including to terrorists – have emerged to new prominence and create renewed strategic uncertainty.'¹⁶ The Defence 2001-02 Annual Report commented that 'while there are still fundamental aspects of our environment that are little changed by the events of last September, we now pursue our interests in a different world to that described in the Defence White Paper.'¹⁷

6.24 During the hearing, the level of consultation used in developing the *Defence Update 2003* was examined. This follows claims made to the inquiry into maritime strategy that there was minimal consultation used to

15 Department of Defence, *Australia's National Security, A Defence Update 2003*, pp. 5-6.

16 Department of Defence, *Australia's National Security, A Defence Update 2003*, p. 7.

17 Department of Defence, *Annual Report 2001-02, 2002*, p. 4.

develop the Defence White Paper.¹⁸ Defence indicated that there was wide consultation for the *Defence Update 2003*. Defence stated:

I cannot speak for the detail inside parts of the organisation but principals were involved in a number of different drafting and consideration exercises. I believe there would be no member of the Chiefs of Service Committee or no principal advisory member of the Defence Committee who could claim to be uninvolved or whose view was not sought and heard particularly in the earlier drafts of the defence update; remembering that later drafts were submitted for whole of government consideration.¹⁹

- 6.25 While the Defence Update has only been public for a relatively short time it has generated significant interest. The focus of public comment has been on whether the Defence Update has addressed possible shortcomings in the Defence White Paper. In particular, is the focus on Defence of Australian territory, which has dominated Defence policy for the last 15 years, an adequate strategy to deal with the operations that the ADF is frequently tasked with? These types of operations include Australian forces operating as peacekeeping forces and members of coalitions in the fight against terrorism. Woolner states:

Critics of the 'defence of Australia' strategic policy argued that defence of continental Australia was unlikely to be required in the foreseeable future. Yet pursuit of this policy had allowed numbers, training, and equipment for land warfare forces (particularly infantry) to decline, despite having been in consistent demand for almost two decades of peace keeping and disaster relief.²⁰

- 6.26 Woolner suggests that the Defence Update has not adequately addressed these concerns. There was no 'fundamental change to the size, structure, or roles of the ADF but rather some 'rebalancing' affecting operational readiness, interoperability, and some new capabilities.'²¹

Conclusions

- 6.27 The Committee's current inquiry into Australia's Maritime Strategy is examining some of the key objectives which underpin Australian military

18 Brigadier Jim Wallace, (Retd), Inquiry into Maritime Strategy, 26 February 2003, *Transcript*, p. 150.

19 General Peter Cosgrove, Chief of the Defence Force, *Transcript*, pp. 69-70.

20 Woolner, Derek, The 2003 Defence Statement: The Failure to Marry Politics and Policy, Symposium: Advancing the National Interest?, 28 April 2003.

21 Woolner, Derek, The 2003 Defence Statement: The Failure to Marry Politics and Policy, Symposium: Advancing the National Interest?, 28 April 2003.

strategy. In particular, is the 'defence of Australia and its direct approaches' still a credible strategic objective when the threat of a direct attack on Australia is very small, and Australian forces are increasingly engaged in regional and global operations in the defence of Australian interests. The *Defence Update 2003* has acknowledged that 'the prospect of conventional attack on Australian territory has diminished.'²² In addition, the update states that 'there may be increased calls on the ADF for operations in Australia's immediate neighbourhood.' The *Defence Update 2003* states:

The changed global strategic environment and the likelihood that Australian national interests could be affected by events outside of Australia's immediate neighbourhood mean that ADF involvement in coalition operations further a field is somewhat more likely than in the recent past.²³

- 6.28 Notwithstanding this, there are still concerns that the Defence Update has not gone far enough particularly in the area of the size, structure and role of the ADF. The update does state that 'new circumstances indicate a need for some rebalancing of capabilities and priorities to take account of the new strategic environment, changes which will ensure a more flexible and mobile force'. *Defence Update 2003*, however, does not expand on this point and explain what this 'rebalancing of capabilities' will be.
- 6.29 The Committee will revisit these issues when it completes its inquiry into Australia's Maritime Strategy.

Military Justice

- 6.30 The Committee has tabled two reports on military justice in the ADF.²⁴ These reports made a series of significant recommendations which sought to improve the military justice framework. In view of this background, the Committee maintains an interest in matters affecting military justice.
- 6.31 In August 2001 the military audit team, under retired Federal Court Judge James Burchett released its report of an inquiry into military justice in the ADF. One of the recommendations supported the need for an Inspector General of the ADF. During the hearing, Defence was asked about how

22 Department of Defence, *Australia's National Security, A Defence Update 2003*, p. 23.

23 Department of Defence, *Australia's National Security, A Defence Update 2003*, p. 23.

24 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Military Justice Procedures in the Australian Defence Force*, June 1999; *Rough Justice? An Investigation into Allegations of Brutality in the Army's Parachute Battalion*, April 2001.

the work of the Inspector General of the ADF would be reported. There was no clear advice on this matter. The Committee views the work of the Inspector General as significant and therefore the work outcomes of the Inspector-General should be reported in the Defence Annual Report.

- 6.32 On a further matter, Defence was asked about the progress with a review of the Defence Legal Service and whether the Committee could be provided with a copy of the final report. Defence stated:

The review of the Defence Legal Service is due for completion by 30 June 2003. The Secretary of the Department of Defence and Chief of the Defence Force, and subsequently, the Minister for Defence, will consider the report. It is not yet decided whether the report will be released publicly.²⁵

- 6.33 The Committee maintains that it should be provided with the report of a review of the Defence Legal Service in the interests of transparency and the Committee's long term interest in military justice issues.

Recommendation 8

- 6.34 **The Department of Defence should include information in the Defence Annual Report detailing the work and performance outcomes of the Military Inspector General of the Australian Defence Force (Military Justice).**

Recommendation 9

- 6.35 **The Department of Defence should provide the Committee with the final report of a review of the Defence Legal Service which was due for completion by 30 June 2003. This report should be provided to the Committee by 31 October 2003.**

Senator Alan Ferguson
Chairman
17 September 2003

25 Department of Defence, *Submission 1, Question 3*.