

There is one thing stronger than all the armies in the World; and that is an idea whose time has come.¹

What is the Measure of Our Army?

Introduction

- 9.1 In this concluding chapter we will detail our recommendations on the suitability of the Army. We have intentionally chosen, as indicated in Chapter 1, to limit our recommendations. Our intent is to highlight the substantial issues, which if addressed, make possible the resolution of many others. Hence, within this report, there are many suggestions and conclusions. These underpin the recommendations we make here but are not explicitly mentioned.
- 9.2 This chapter will make concluding comments and recommendations under the following headings:
- Strategy
 - Capability and Force Structure
 - Funding
 - Personnel
 - Equipment
 - Towards a More Suitable Army
 - The Measure of our Army

¹ Anonymous. Quoted in Parkington, A, *The Concise Oxford Dictionary of Quotations* (New Ed), Oxford University Press, Oxford, 1994, p. 10.

Strategy

9.3 The Army's publication, the Fundamentals of Land Warfare, has attempted to clarify its role within defence strategy. It has done this in a manner that we have found informative and helpful. The Army's pursuit of concept-led capability development has been advocated through this publication. This points to a healthy intellectual culture within the Army that is open to ideas and change.

9.4 Of course, this document is not without its faults and inconsistencies. It has, as Professor Dibb indicated, internal contradictions about what aspects of strategy should drive the Army's force structure.² This did not surprise us. Our review of Defence Strategy over the last 25 years indicated the difficulties in this area. For the Army these difficulties have created a consistent planning dilemma since Federation. This dilemma represents a 100-year paradox between our strategic aspirations for the Army and how we have actually employed it.

9.5 The difficulty is how to define the relationship between the real world demands placed on the Army and the aspiration to limit Australia's use of force to the territorial defence of Australia. From the evidence we received from the community we realised this problem was merely a symptom of a wider issue. This wider issue can be expressed as four questions:

- How does the Government satisfy the range of community aspirations for achieving peace and security?
- To what extent should we provide forces to answer recurrent real world problems?
- How do we maintain sufficient resources for a credible capability to defend our sovereign territory?

These questions cannot be well answered without asking another question.

- What role do Australians want the nation to take in the world?

9.6 We do not believe these are irrelevant philosophical questions. The impact of globalisation and the progressive compression of strategic time³ require that they be answered. Coupled with these changes we face a potential period of sustained regional uncertainty. It is a region in which

2 See Professor P Dibb, Transcript, pp. 195–196.

3 See Chapter 2 for a discussion on the impact of the aircraft and technology on decision making. Also see Defence Strategy Debate, Transcript, 30 June 2000, p. 9, Dr S Woodman's concept of compressed strategic time.

our relative economic power and resources place on us obligations and responsibilities. However, in global terms, we also have limits. This particularly applies to our armed forces. Most global and regional problems are not soluble by armed force. And of the few that are, none are soluble by the use of armed force alone.

- 9.7 So how do we address these issues? We believe that none of these issues can be satisfactorily addressed without more sophisticated and structured guidance being provided by Government. The Army's place in defence strategy has been ambiguous because its utility to the nation has always extended beyond sovereign defence of territory. For the Department of Defence to develop a suitable Army it needs to know what role Defence is to play beyond territorial defence. The Army cannot be effective in roles other than territorial defence if its anticipated use is not integrated with the activities of other Government and Non-Government agencies.⁴

Recommendation 1

We recommend that the Government develop and maintain a national security policy. This policy should, amongst other things, guide the Defence Forces on their role in an integrated national concept for promoting and achieving international prosperity, peace and security.

We further recommend that the Government explore the feasibility of creating a National Security Council to oversee the development and maintenance of a national security policy.

- 9.8 We believe that the multi-dimensional nature of a security policy will allow Australia's limited resources to be channelled into providing deeper and more robust national security. This will free the Department of Defence to view national defence in a context wider than, what General Hickling characterised as, preparations for a '100 year flood'.⁵ We believe that careful force structuring can create a Defence Force that has utility in both short-term threats to Australian territory and wider and more probable security demands. To date, for the purposes of force structuring, these roles have tended to be seen as mutually exclusive.
- 9.9 As discussed in Chapters 3 some limits must be placed on the conflicts we design our armed forces for. Unless this is done they can become

4 The increasing complexity of defining effective strategy is discussed in Chapter 3.

5 Lieutenant General F Hickling, Transcript, p. 314.

prohibitively expensive. In the absence of a security policy to do this, we suggested these limits should be technical, geographical and operational. We believed that while the forces might be deployed beyond Australia and the Region they must be optimised for an area we called Australia's Area of Critical Security Interest (ACSI).⁶

- 9.10 Optimising our forces for this area requires that all three Services be able to function in a highly integrated fashion. In technological terms, our three Services should match, and where appropriate exceed regional performance levels. However, we believe the concept of adequacy should be applied to equipping the armed forces.⁷ This concept precludes the pursuit of technical excellence beyond the needs dictated by Australia's ACSI. We should be wedded to the development of a security strategy and operational war fighting concepts that give us a capability edge – not a technological edge.
- 9.11 Within these constraints we believe that the Department of Defence has a responsibility to prepare for three broad tasks. We based these tasks on a judgement of how to best address the diverse defence concerns within the Australian community. These tasks are based on our collective judgement on warning times for short notice and more substantial threats to Australia's security. Although we recognise the difficulties of making assumptions on warning times they are necessary to guide Defence planning and priorities. Ideally the Department of Defence, to be efficient, should maintain the minimum forces necessary to deal with credible short notice contingencies. If this is done, it is not necessary to maintain forces for more substantial but less likely threats, if plans exist to generate them within reasonable time frames. This approach will have different implications for each of the Services. We have focused on the Army aspects of preparing for more substantial, but less likely, threats. For a discussion on these issues see Chapter 3, paragraphs 3.77 and 3.78.

Recommendation 2

We recommend that the Department of Defence:

- **Enhance and maintain a highly effective and regionally focused intelligence and surveillance capability.**

6 See Chapter 3 for a suggested definition of Australia's ACSI.

7 A concept of 'adequacy' was suggested by Dr H Smith. See Submission 65, pp. 3–4.

- **Develop and maintain plans, processes and institutions to enable the defence force to expand to meet significant threats to Australian territory within a warning period of no more than two years.**
- **Develop and maintain a well balanced and integrated force-in-being. This force should be capable of the sustained dominance of one major and one minor focal area located anywhere within our region, including Australia. This force-in-being should be deployable within time frames up to, but not exceeding, four months of warning.**

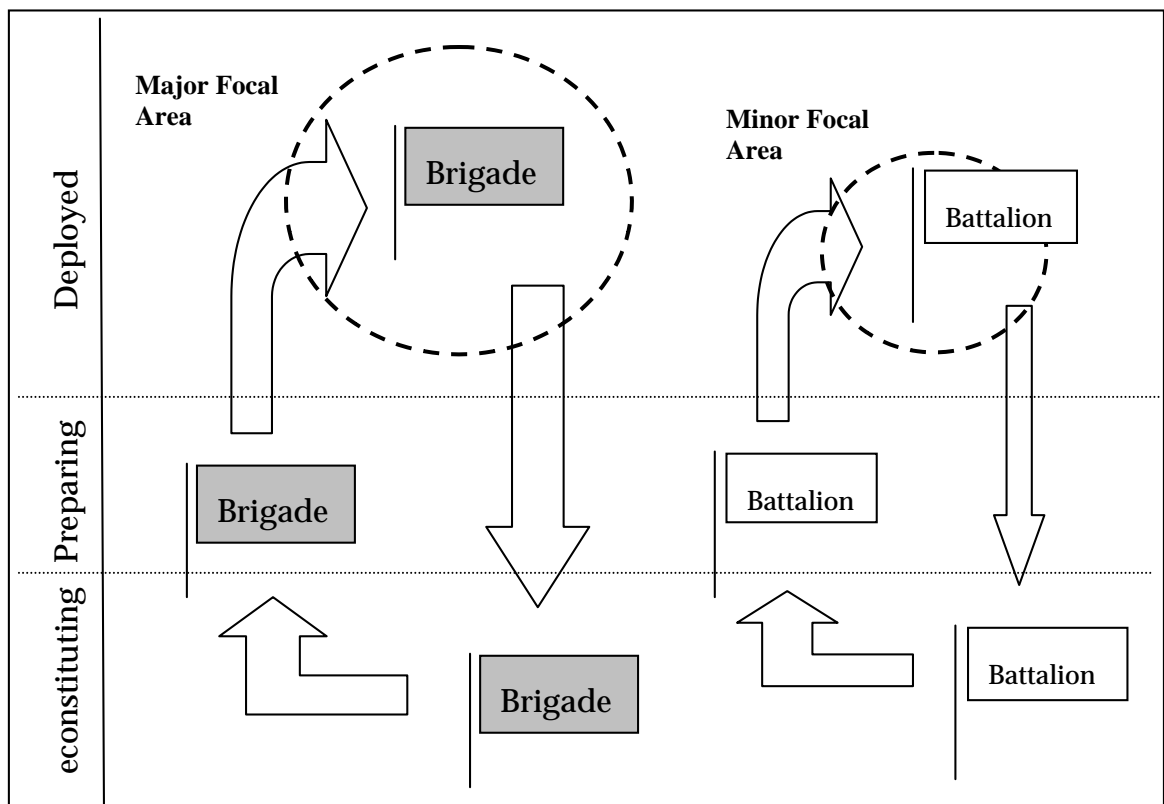
Capability and Force Structure

9.12 Our review of capability and force structure indicated Australia did not need a force-in-being greater than four capable and ready to use brigades. The concept for how these brigades would be used is depicted diagrammatically in Figure 9.1. To create a larger force would probably exceed sustainable funding levels. This would lead back to the century old Army problem of force structure hollowness. Yet, for the Army to fulfil a credible role in deterrence against significant threats more than four brigades would be necessary. We judged that a force expansion capability for an additional eight brigades within two years represented a significant and credible deterrent.

Recommendation 3

We recommend that the Army be capable of:

- **Maintaining a force-in-being of four brigades optimised for operations within Australia's ACSI and capable of deploying within no more than four months warning.**
- **Generating an additional eight brigades within two years of warning for operations within Australia's Area of Critical Security Interest (ACSI).**

Figure 9.1 Outline of a Minimum Level of Sustainable Force Structure⁸

- 9.13 We believe that these capabilities would create an Army more capable than the current Army. The critical issue for the Army is deployable and sustainable capability, not the notional number of units. Maintaining large numbers of units has not, as was demonstrated in East Timor, delivered capability. The practice has in fact sapped resources to create a 'phantom force'. Recommendation 3 would require that the current nine, largely hollow brigades, be consolidated into four, highly capable brigades. These four brigades would represent a minimum capability. This capability should be reported on annually to the Parliament in terms of an evaluation of operational readiness. The capability of these brigades should not be eroded in terms of personnel, equipment and training resources for want of transparent reporting. The public reporting of the Army's readiness capability should be seen as a key aspect of deterrence and accountability.

⁸ The brigades indicated are independent brigades and the battalion groups would be derived from a fourth independent brigade.

Recommendation 4

We recommend that:

- **The Army report on the status of each brigade within the Department's Annual Report in terms of operational criteria devised jointly between the Department of Defence and the National Audit Office.**
- **On alternate years, the Inspector General of the Department of Defence and the National Audit Office, audit and report on the Army's capability for force expansion.**

9.14 We believe that these capabilities would create an Army more capable than the current Army. It would also be more relevant to Australia's needs. This represents a minimum capability below which we feel that too much risk is being taken with national defence and security.

9.15 We did not agree with some commentators that the Army should focus on peacekeeping. The evidence we received clearly showed that the Army is well attuned to the sensitivities of peace support operations. The Army also has a clear capability for warfighting and we believe this capability is central to its role. It is the best guarantor that the Army will continue to be successful as a peacekeeper.

9.16 The Army, if it is to be effective in the spectrum of conflict, needs enhanced or additional capabilities. It needs to be structured so that it can deploy credible and sustainable force within Australia and the Region within a tri-service force. It needs to address the issues of force expansion and it also needs to enhance or develop capabilities for Terminal Operations and Civil Affairs. It might also need to develop capability in the area of Nuclear Biological and Chemical Defence.

Recommendation 5

We recommend that the Army force structure be reviewed, such that:

- **There should be no single unit or formation present in the force structure unless it is able to detach useful capability in components. These components need to be in multiples of three – a component in commitment; a component returning and a component being prepared for deployment.**

- Where multiple units or formations exist in the force structure they must exist in multiples of three.
- Where neither of these conditions can be satisfied the capability being sought should either:
 - ⇒ Be reduced to a force size that can meet the structuring principle, or
 - ⇒ Be removed from the force structure.

Recommendation 6

We recommend that the Army maintain its capability focus on the conduct of warfighting. This focus should be based on meeting or exceeding regional technical performance parameters up to, and including, mid-intensity conflict. We further recommend that the Army enhance or develop capabilities for:

- **Terminal Operations (ie, the equivalent of military stevedoring operations).**
- **Civil Affairs (ie, the capability on deployment to establish and maintain a relationship between the Army and the government, civil population and/or other agencies in order to facilitate the resolution of conflict and the re-establishment of normal civil life).**

Funding

- 9.17 Overall funding for the Army must increase on current levels. Unless this is done, increasing costs for military equipment and personnel will progressively reduce capability. To create a credible capability for force expansion and to implement restructuring would require further resources. We anticipate that, with careful personnel and equipment planning, this capability could be achieved within a total Defence expenditure of between 2 and 2.5 per cent of current GDP.
- 9.18 The funds needed for restructuring are for the short term only. As indicated in Chapters 1 and 2, the Army cannot reform its structures without resources. To attempt otherwise is to suggest the Navy can create capable new ships by simply rearranging its existing fleet.

- 9.19 This problem also creates a possible opportunity for Government. Block obsolescence of major airframes and ships will impact heavily on Government funds in the second decade of this century. The opportunity to create a more capable but cost efficient Army rests within this decade. It will become financially impracticable to improve and enhance the Army after this without a significant increase in defence expenditure.⁹

Recommendation 7

We recommend that the Army's funding be increased to:

- **Account for the yearly rise in costs associated with military personnel and equipment. (Based on historical trends this equates to an annual growth rate of four per cent which was also the rate of GDP growth at the time of the inquiry).**
- **Provide a credible force expansion capability.**
- **Provide, in the short term, funds necessary to implement the recommendations within this report.**

Personnel

- 9.20 The single most impressive aspect of the Army has been the level and depth of training we have seen amongst its members. The Army's successes in Somalia, Cambodia, Bougainville and East Timor are testimony to this. We were also made aware of many personnel initiatives being undertaken by the Department of Defence and the Army. These included:

- A move to more flexible employment practices
- A series of reviews which, amongst other issues, will look at:
 - ⇒ The professional development of officers – Project Opera
 - ⇒ The employment of women
 - ⇒ The Reserve
 - ⇒ The ratio of officers-to-soldiers.

⁹ See Chapter 5, Funding. From approximately 2007 Defence will be under significant pressure to fund the replacement of fighter aircraft and ships. This will leave little room for expenditure on Army equipment.

- 9.21 Notwithstanding these initiatives the Army needs to look at how personnel structures and practices are impacting on its efficient ability to expand and contract its force size – ie, to scale its structure. By far the biggest limitation on the Army’s structure is its use of the Reserve. To go over all the issues surrounding the Reserve would require a lengthy reiteration of many points made within Chapters 2 and 7. We believe that the Army’s current personnel model, both for Regular and Reserve, needs to be drastically reviewed. The logical result of the Departments moves to flexible work practices would be a single unified personnel structure for the Army – a true one Army concept.
- 9.22 Within this structure there should be a flexible range of employment conditions. These conditions, depending on the needs of the individual and the Army, would allow soldiers to transition smoothly between differing forms of full and part-time commitment. This system would:
- Be more organisationally efficient than the current approach
 - Increase the relevance, flexibility and attractiveness of the Army as an employer
 - Allow the Army to scale its readiness levels by dynamically adjusting the full and part-time mix of units.
- 9.23 To appreciate the flexibility inherent in the proposed personnel structure we suggest that the explanatory discussion underpinning the following recommendation be reviewed. (Refer to Chapter 7. Specifically paragraphs 7.66 to 7.70)

Recommendation 8

We recommend that the Army adopt a unified personnel structure. This structure should consist of five employment categories able to be deployed on service anywhere in the world:

- **Category A – Full-time service for an agreed tenure.**
- **Category B – Initial full-time service followed by an agreed commitment for part-time service for a set tenure. This part-time service would require regular attendance at a local unit.**
- **Category C – Part-time service for an agreed tenure. This part-time service would require regular attendance at a local unit.**

- **Category D – Part-time service for an agreed tenure. This part-time service would be done in a local or remote location at irregular time intervals which best suit the individual.**
- **Category E – Non-active service by fully trained personnel who remain on a recall database to support special projects or force expansion.**

We further recommend that service within these categories be by voluntary enlistment and be covered by common legislation that provides for employment protection and call out.

- 9.24 Our own analysis of the difficulties experienced with the Reserve suggests that the above recommendation will not work unless:
- Units are staffed to do their operational role.
 - Personnel share in a common set of employment conditions and merit assessment.

Recommendation 9

We recommend that:

- **All units are to be fully staffed to operational levels. Where a unit consists of predominantly part-time personnel it is to be staffed to 120 per cent of operational requirement.**
- **No unit is to be staffed with less than 20 per cent full-time (Category A) staffing.**
- **Transition of soldiers between Categories is to be administratively simple. This includes:**
 - ⇒ **a standardised system of performance evaluation based on merit; and**
 - ⇒ **a graduated system of employment conditions that covers issues such as superannuation, injury compensation and housing assistance.**

- 9.25 We also noted that the conditions of service associated with the current Reserve will always appeal to a specific but limited pool of the Australian population. The size of the part-time component needs to be determined by what is sustainable rather than wishful thinking. The sustainable size

of the current Reserve appears to be 16,500¹⁰ personnel. This suggests that the sustainable number of Category C personnel is approximately 16,500.¹¹ The sustainable size of Categories B and D will have to be determined through analysis and experience.

9.26 Category E, if properly managed, could provide a powerful resource for force expansion. This issue is discussed further in Chapter 7. Its realisation would require:

- An inducement for trained personnel to place themselves in a position to be recalled.¹²
- The maintenance of accurate data bases on the skills, experience and recall details of all registered personnel.

Equipment

9.27 The Army has elements that appear well equipped for meeting the demands of low level conflict. However, most elements lack sufficient equipment to deploy operationally. There is also a question of whether the Army has the necessary equipment to be effective in mid-intensity conflict within Australia's ACSI.

9.28 A rationalisation of the Army's force structure from nine to four brigades should substantially address the current shortfalls in equipment. These shortfalls are estimated at 4.5 billion dollars. In addition to this, the practice of partially equipping units should cease. The practice destroys capability and may be a significant cause of personnel separation, particularly within the Reserve.

Recommendation 10

We recommend that no Army equipment project be approved unless it is acquiring sufficient equipment to meet the full operational equipment liability for the total force.

10 See Chapter 7. This figure was derived by projecting the affect of the existing reserve recruitment and separation rates. Changed circumstances, such as altered conditions of service, will alter this forecast.

11 This Category most approximates the employment and service conditions of the current Reserve.

12 This inducement might be remuneration, legislation or a combination of the two.

- 9.29 The issue of the providing new equipment for the Army should be done within the strategic context we have outlined. We feel that the Army should adopt a more coherent and focused equipment acquisition strategy. This would address the issues of sustainability, force expansion and the nature of mid-intensity conflict within Australia's ACSI. In other words, the Army needs to view equipment acquisition in strategic as well as tactical terms.
- 9.30 This should lead to the adoption of fewer equipment variants and the creation of more standardised fleets – both within the Army and between the Services. This will inevitably mean compromise at the level of tactical performance. It may lead to a reduction in the capability options that the Army can provide for Government. It will also mean that the geographic and threat environment for the Army needs to be reviewed. It was pointed out to us that the vehicle mobility requirements within much of our region are different from those within inland Australia. It is also likely that the levels of crew protection within Army's vehicle and helicopter fleets may have to be reassessed.
- 9.31 We were also aware that life cycle cost estimates have been performed within the Department of Defence for at least a decade. These estimates should underpin all equipment acquisition decisions. Our experience during this inquiry into the Army suggests that this is not being done. Life cycle costs were not introduced to explain to us any of the Army's equipment or capability decisions. When costing information was provided it related to initial purchase cost. We believe that this approach may have facilitated decisions that have created a highly varied number of vehicle types in what is a small army.

Recommendation 11

We recommend that the Army, in conjunction with the Department of Defence, review its equipment and stock acquisition strategy. We further recommend that this strategy be based on a coherent policy which addresses the need for the Army's equipment and stock to:

- **Be sustainable.**
- **Support plans for force expansion.**
- **Be optimised for operations within Australia's ACSI.**
- **Be based on, in the case of equipment, an appreciation of the whole-of-life costs associated with any particular purchase or replacement program.**

- 9.32 This recommendation will require that the role of Australian industry within Defence Strategy be clarified. This is not to suggest that the Army must source equipment and stocks from Australian sources regardless of cost or inefficiencies. However, sustainability and force expansion requirements suggest that the national support base is important. Investment in this base, where it delivers tangible security benefits, should be seen in a positive light. Once again, the Army and the Department of Defence, must take a national strategic perspective on these issues and invest accordingly.

Towards a More Suitable Army

- 9.33 Having made these recommendations we were conscious of the Army's sorry history for force structure reform in peacetime. The lessons of the past and the current dynamics within the Defence Department suggest implementing recommendations will not be simple. An approach would be to treat the task as a project. Like all projects within Defence this would entail the commissioning of a project team, the agreement to milestones, deliverables and the allocation of resources.
- 9.34 This approach would go a long way to addressing the cynicism within the Army and Defence about reform without resources. The scope of the issues that would need to be addressed is significant. A look at the number and location of the Army's units and depots makes this clear (See Appendices E and F). As mentioned previously, the window of opportunity to address these issues is now. Towards the end of the decade finding additional resources to enhance the Army is likely to be financially impracticable. Postponement will only perpetuate the current inefficiencies within the Army's personnel and force structures.
- 9.35 At Appendix G we have provided a suggested approach to implementing these recommendations. We have suggested that this project be known as the Army Capability Enhancement Project.

Recommendation 12

We recommend that the Government establish, for a period of three years, an Army Capability Enhancement Project (ACEP). The Project Team would work alongside the Army in effecting the restructuring and enhancements recommended in this report.

We further recommend that this Project provide a report to Parliament twice each year for the period of its operation.

The Measure of our Army

- 9.36 In this report we have attempted to determine the suitability of our Army. There are many aspects of the current Army which have impressed us. In particular, we have been impressed by the training standards and professionalism of the Army's soldiers and officers. In essence, the true measure of our Army lies with the men and women who make it work. They have shown over the last decade that they are true inheritors of a tradition that commenced in Gallipoli, shortly after the birth of our Federation. In this sense, the Army is, and remains, a most suitable Army.
- 9.37 We do believe however, that for the Army to meet the challenges of the future it needs to address some significant issues. We have assessed the Army in this report to ensure that it is relevant to the community, credible in its role, sustainable, efficient, balanced and, lastly, better able to scale its structure and readiness to meet shifting threats. We believe that the adoption of the above recommendations will move the Army towards achieving these objectives. We will retain a suitable Army.

Senator Alan Ferguson
Chairman

