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Reference: Suitability of the Australian Army for peacetime, peacekeeping and war

FRIDAY, 9 MARCH 2001

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JOINT COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

Defence Subcommittee

Friday, 9 March 2001

Members: Senator Ferguson *(Chair)*, Senators Bourne, Calvert, Chapman, Cook, Gibbs, Harradine, Hutchins, Sandy Macdonald, O'Brien, Payne and Schacht and Fran Bailey, Mr Baird, Mr Brereton, Mrs Crosio, Mr Laurie Ferguson, Mr Hawker, Mr Hollis, Mr Jull, Mrs De-Anne Kelly, Mr Lieberman, Dr Martin, Mrs Moylan, Mr Nugent, Mr O'Keefe, Mr Price, Mr Prosser, Mr Pyne, Mr Snowdon, Dr Southcott and Mr Andrew Thomson

Subcommittee members: Mr Hawker *(Chair)*, Mr Price *(Deputy Chair)*, Senators Bourne, Calvert, Ferguson, Hutchins, Sandy Macdonald, Schacht and Fran Bailey, Mrs Crosio, Mr Laurie Ferguson, Mr Hollis, Dr Martin, Mr Snowdon and Dr Southcott

Senators and members in attendance: Senators Bourne, Ferguson, Gibbs, Hutchins and Sandy Macdonald and Mrs Crosio, Mr Hawker, Mr Hollis, Mr Price and Mr Snowdon

Terms of reference for the inquiry:

To investigate and report on the suitability of the Australian Army for peacetime, peacekeeping and war. The inquiry will review the current and proposed changes to Army to ensure that it provides viable and credible land forces able to meet a range of contingencies. In considering this matter, the Committee shall take into account:

- *The* Fundamentals *of Land Warfare* document, released in March 1999
- The Restructuring of the Australian Army initiative
- The Defence Reform Program
- ADF force structure and preparedness
- The role and impact on full-time and part-time personnel
- *Australia's Strategic Policy* (1997).

WITNESSES

Subcommittee met at 9.15 a.m.
EVANS, Air Marshal David (Private capacity)

CHAIR—I declare open this public hearing of the Defence Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade. The objective of this hearing is to follow up on the report tabled on the Army by the committee on 4 September last year. In the committee's report *From phantom to force*, a new model was proposed of how the Army should be structured and used. The committee proposed that the Army should consist of four high readiness brigades, capable of sustaining concurrent commitments to one major and one minor operation.

In proposing this model, the committee took the unusual step of seeking constructive criticism of this model. It is anticipated that this process will allow the committee to further refine its views and provide the parliament with a second report. To date, in support of this process, the committee has received more than 30 written submissions and has undertaken a number of meetings with serving officers. Today's hearing will provide the committee with a further diversity of views on the model it has put forward. It is the committee's intent to table a final report on the Army in the first half of this year.

I welcome Air Marshal Evans.

Air Marshal Evans—As for the capacity in which I appear, I was invited or have volunteered as a private individual to give evidence on the reserve forces, although I happen to be the National President of the Royal United Services Institute, which is a strategic studies body with constituent bodies in each state.

CHAIR—Thank you. I must advise you that the proceedings here today are legal proceedings of the parliament and warrant the same respect which proceedings in the respective houses of parliament demand. Although the subcommittee does not require you to give evidence on oath, you should be aware that this does not alter the importance of the occasion. The deliberate misleading of the subcommittee may be regarded as a contempt of parliament. The subcommittee prefers that all evidence be given in public. But should you at any stage wish to give any evidence in private, you may ask to do so, and the subcommittee will give consideration to your request.

Thank you for coming today. I would like to acknowledge the fact that you were a witness before this committee this time last year and that you also provided a very useful submission to the initial report into the Army. For those reasons, we are most interested in your views of the model that we have put forward in *From phantom to force*. In particular, we are interested in any suggestions you might have on how we might improve this model. I now invite you to make a short opening statement before we proceed to questions.

Air Marshal Evans—Thank you very much. I am not sure whether I have overreacted or not. I think someone said to me yesterday that, in being invited to come back and comment on the report, I was only expected to comment on the treatment of my evidence, whereas I have commented on quite a lot of report. I have produced—unfortunately, very late for you—just a written outline of my comments. I think I got that over here yesterday afternoon, which was a

bit late, and I apologise for that. However, it covers many things. If you would like me to go through some of them briefly, I would be happy to.

CHAIR—Yes, please.

Air Marshal Evans—First, I have commented on section 1.4 of the report. I suppose it is unlike me to be sticking up for the American Army. On the other hand, 1.4 stated that, after the successes of World War II and Korea, stagnation had set in and that this was perhaps one of the factors affecting the performance of the Army in Vietnam. I do not really think that is fair. Firstly, I do not think I would count the end of the Korean conflict as a victory but as a compromise. But that is beside the point.

In Vietnam it had little to do with the performance of the United States Army and everything to do with the lack of political will to prosecute the war as it should have been. I think no-one would doubt that that war could have been over very quickly if the might of the United States had been used. I do not mean nuclear might; with conventional warfare, they certainly could have won it. But the Army was constrained. It could not manoeuvre. It had to wait until the North Vietnamese attacked and came into South Vietnam and then react to that attack. They were not allowed to bomb the places that they should have bombed—the harbour at Hai Phong and these sorts of things. So I think it was an unfair assumption on the part of the committee that it was stagnation on the part of the Army.

All of that means very little but, nevertheless, I thought it was worthwhile bringing it up, because politics play a very important part in war. If politicians do not send their forces to war to win, then they should keep out of it. That is something we all should remember, and we should remember Vietnam as a perfect example of what was wrong.

At 1.15 it mentions that, in the last 20 years, 13 reviews have brought no change in the state of the Defence Force—and that is quite true. That is so and it is very disappointing, I suppose. This was the point of my evidence at the first meeting: I believe that it is not going to happen overnight; it will take a generation. We must convince the community that service in the reserve is a responsibility that might be expected of young people—not necessarily in the Army or the services, but some sort of service to the country. Of course, we are talking here about the Army Reserve, and it should be looked upon as something that people are proud to do and as a responsible contribution to the nation.

I think it is very important that the Regular Army must also appreciate that the reserves are good soldiers—as good as the regular soldiers, or could be if they were administered and trained properly. Army have, to my mind, never really accepted that situation. They say, 'Well, the wastage is too great. They get out after a year or two years'—and of course they do, because they are not administered properly and they are looked upon as second-class soldiers. So it is an educational program, but I still think it will take a generation or longer. Also, it will need a prolonged education process and the wholehearted support of government, community leaders and, most of all, the media—which, of course, look for sensationalism and attack and criticise everything, but give very little support and praise to what is happening.

I believe very strongly in a strong reserve for this country. We are too small in population to have standing forces of the size that would be necessary to protect the nation. Our saviour is a good reserve, and that is going to take a long time.

Army's place in society: it is good that the committee brought this up. It should of course be prestigious. I heard a presentation to the Royal United Services Institute out at the Staff College at Weston Creek just a few nights ago. General Willis said that, really, their surveys had showed that the services were held very high. The most admired occupations are nurses and others, and Army or Defence Force is fourth. I do not know how they did the survey, but I was surprised by it and I am inclined to doubt the accuracy of it. Whatever, Timor has made a tremendous difference, and I suppose the regard for the services has gone up since that operation.

I still believe—and I have said this many times—that the services could help themselves in this by merging more with the community and contributing to day-to-day activities, such as coastal surveillance. Perhaps that should be done by the services so that they are seen to be doing something for the community. There is the building of roads on the Cape York Peninsula and in outback areas. No-one is ever going to build a road up there, but the Army engineers could do it. They built roads in New Guinea. Why should they not do it here and be contributing to the infrastructure of the nation? After all, it is better than putting up Bailey bridges, pulling them down and then putting them up somewhere else a week later.

We could use the excess capacity of service training schools, which are excellent, to train civilians. Why not? Most of those schools are operating in a manner that is below what is considered to be economical and effective. So, if we train civilians, it would be contributing, and I think it would be a good thing do. These sorts of things could help to establish a better place for the services in society on a day-to-day basis.

I have the view that paragraph 9.7 of the report ignores or disputes the notion repeated many times in the white paper: a force structured for the defence of Australia can perform other roles beyond our territory. I certainly think it can. This has been said and accepted, and paragraph 9.7 seems to throw some doubt on that. I believe that the key point here is that, when we participate in operations beyond our territory, it will be with a coalition: the United Nations or other forces. Really, the make-up of our contribution does not matter that much.

I agree with what you say in paragraph 9.9, provided that the area of critical security interest is appropriately defined to meet the aim of the Australian nation. We must not forget that that principle of war is the aim. For instance, do we include Christmas Island, Cocos Island, and Papua New Guinea? I find there is a great lack of attention to those things, even within the defence department. Do you ever read about what our attitude to defending Christmas Island or Cocos Island is?

Mr SNOWDON—We are not allowed to know.

Air Marshal Evans—That is a good answer, because it can hide a lot. But, frankly, I do not think anyone knows. I have tried to promote discussion on that for a long time. However, we are talking about an area of—

Mr SNOWDON—What we do know is that there is a defence facility on Cocos Island that we are not allowed to know about.

Air Marshal Evans—Yes. I heard Malcolm Fraser say once, when we were talking about Christmas Island when I was chief, that we will not give up an inch of Australian territory, but anyone who tried to defend Christmas Island would be out of their mind; we would have another Ambon on our hands. You are talking here about areas of critical security interest to Australia. It is very important that it is defined—

Mr SNOWDON—As the member for the electorate of the Northern Territory, which includes Christmas and Cocos islands, I can tell you that I would be very offended if the government took the view that it would not protect Christmas Island.

Air Marshal Evans—Christmas Island? I do not believe that it is possible to defend it if we were—

Mr SNOWDON—That may or may not be the case. I am just saying to you that, as an Australian citizen—and as Christmas Island is part of Australia—I would be very concerned if it were this government's defence policy that we would not defend Christmas Island.

Air Marshal Evans—But then neither would you be prepared to put a battalion on there to be slaughtered, as happened in Ambon, I do not imagine.

Mr SNOWDON—I am not suggesting that I would. There are a number of ways to defend, as you well know.

Air Marshal Evans—No, I do not.

CHAIR—I do not think we need to get into a debate on this. The point has been made.

Mr SNOWDON—But I am actually quite offended by it. As the member for the Northern Territory, which includes Christmas and the Cocos islands, it is my duty to reflect the views of the people who live there.

Air Marshal Evans—As it is mine to tell you of my military opinion.

Mr SNOWDON—You may, but do not mind if I am offended by it.

CHAIR—The points are noted.

Air Marshal Evans—I do not care whether you accept it or not.

Mr SNOWDON—I do not. Good.

CHAIR—I think the points are noted. We will move on.

Air Marshal Evans—Point 9.10 talks about adequacy of defence capability and technical excellence. This is rather a difficult one. But in Australia's circumstances it is difficult to see how a nation deficient in manpower can enjoy a capability edge. It is a technical edge that would enable us to succeed in facing forces that are numerically superior to ours. We must really go for the technical edge; otherwise we are in very bad shape. Having the technical edge would be our saviour. Paragraph 3.84 I think is a very risky assumption. It says that joint use of our services will give us the advantage we want. But why should we assume that the enemy would not have developed similarly effective joint operation procedures?

Looking to the defence of Australia, if we were responding to harassment of our nation by probes here and there, would we go on with defensive things all the time? We would be exhausted. If we had, for instance, people in Indonesia, whether Indonesians or someone occupying Indonesia, making a probe at Cocos Island, making a raid on our offshore facilities or the Australian coast, intruding into our air space, building up forces in West Timor as a threat or potential threat, building up forces in West Irian, we would not know what to do. We would be reacting all the time and soon our small forces would be exhausted. Should we put up with that, or should we take offensive action to deter further harassment? These are the things that I think need to be considered. In looking at those things it depends on the type of force restructure we have.

I agree with the principle expressed in recommendation No. 8, but the suggested model seems rather complex—and here I am referring to the number of various categories of reserve there are. I wonder about remuneration and entitlements; could they be simplified? But certainly the principle behind all that is very sound.

In recommendation No. 9, assuming it is category A people you talk about being in reserve forces, you say that the reserve units should be made up of 20 per cent staffing with category A people. I do not know whether you mean that they be regular Army people. If you do, I suggest that that is not a good thing. We are trying to get the reserves to feel comfortable with themselves, to be confident in their own capability and ability to do these things. You rightly say that they should be manned to 120 per cent and allowed, I think, to spend up to 100 days a year. That really should cover it. I would hope there would not be a need to put 20 per cent of regulars in. Otherwise, the pride that they have in themselves as a reserve unit is likely to be taken away. However, it is a matter of whether you can get the 120 per cent and the 100 days a year. If you can, that should be adequate to achieve the required staffing.

The solution in recommendation No. 11 would be ideal, but I doubt whether you would get government support until we had a clearly identifiable and imminent threat. I was bothered by stock-holding policies until I retired, and that had been going on for 40 years or more. Think of the cost of reserve stocks, particularly missiles that cost $1 million or $1½ million each and the numbers that you would want, including in the early days of high intensity combat; it is incredibly high. I do not think it is feasible for this country to have those sorts of stocks on hand.

To my mind, the only way out of that is to have memorandums of understanding with the Americans and the Brits. That will cost us money, as we will have to pay for a certain percentage of their storage holdings. Nevertheless, that is a hell of a lot cheaper than trying to store those stocks here. Also, they might be there for 10 years and then be out of date after three

years with a new missile coming in. I think these are the things that have to be considered. But it is certainly true to say that at this stage the department does not have a viable stock-holding policy.

CHAIR—Thank you very much, Air Marshal. We certainly appreciate your views. One of the overriding concerns that we wanted to make clear was the fact that a lot of our units are staffed at 50 per cent or less.

Air Marshal Evans—Yes, they are.

CHAIR—Therefore, to get a focus on that, the proposal of four brigades ready to go was brought forward. I was a bit concerned that in some of your opening remarks you said that we want a good reserve, yes, but that it would take a long time to get there. The concern I have is that that has been said for years and years, and nothing has been done to address it.

Air Marshal Evans—That is true. But the sorts of things that I have put forward have not been done to address it. What has been done started off with Bob Hawke and then Jim Killen going around, getting together with employers and asking for their support. That is part of it. We have made these pastoral arrangements, but I do not think we have started right back in convincing the community that it would be a good thing. Expansion of the cadets would be a great start towards it because perhaps that would lead into this.

CHAIR—Which is now occurring.

Air Marshal Evans—Yes. I know that nothing has been done but, with the process that I have been talking about, I do not quite know how to do it. You have to get the media on side, and that is very difficult. I am sure that I am not the only one who believes this, but I do not think it is going to happen tomorrow. Right now we are having great difficulty recruiting for the three services of the Defence Force and, similarly, the reserves, but it is the way to go.

Senator SANDY MACDONALD—It is interesting that this week saw the passing of probably the most significant piece of legislation concerning the area which you are talking about, and there has been very little publicity about it. That is the compensation to employers where reservists serve full time or part time, their average weekly wages and protections for employment and education and a whole range of things and differentiation of service requirements. In a sense, that legislation is quite spectacular. It has had bipartisan support in the parliament, and it was passed this week. I put out some media about it, because it is an interest of mine and because I represent a regional area, being a New South Wales senator. But it is a good point that you make: when there is good news like that, for it not to be taken up is very hard.

Air Marshal Evans—It is a great shame.

Senator SANDY MACDONALD—You made the point about increasing the prestige of the reserve, and I agree with you. We now have programs like Their Service Our Heritage and Australia Remembers, which have been bipartisan policies. Also, we are now 30 years away from the antiwar movement and grandfathers are more relaxed in talking to their grandchildren about their war service than perhaps they were when talking to their own children—for a

number of reasons. Then there are things more recent like the consultative review that occurred before the white paper. There is an increasing momentum in the community on defence issues. So perhaps we are moving in the right direction in terms of lifting the prestige, if you like, of the reserve. Would you acknowledge that?

Air Marshal Evans—I do, but I think it has come about by a coincidence of several things. Timor started it. That was a good start, and it got plenty of media—more coverage than they would have got in 10 years, and it was good coverage. Now we have this Centenary of Federation and the Army's 100 years. There is a lot going on with that and a huge parade is coming up. I think these sorts of things will help greatly. Yes, it has improved, and let us hope that it can continue.

Senator SANDY MACDONALD—There are other things too. I think Anzac Day is getting bigger every year. When I was at school, Remembrance Day was celebrated; then for a long period it was not celebrated; now I understand that it is being celebrated again. So I think there is this increasing momentum.

Air Marshal Evans—Yes, it is good. As I say, I hope we can carry it on. But I am not confident that the media will not let it fade away, particularly at the end of this year and these events that Army will be performing during the year—which is all good stuff. Hopefully this report, if it is widely distributed and read, should help also.

CHAIR—We would hope so too.

Senator FERGUSON—In your submission you talk about the Army being predominantly a part-time force. What do you think the mix should be? Also, I notice that in your original submission you point out that the vast bulk of the Israeli, German, Swiss and American forces are reserves and that in Australia reservists are viewed by the Regular Army and—your quote was—'made to feel second rate soldiers'.

Air Marshal Evans—Yes, indeed.

Senator FERGUSON—Particularly in the case of the Israelis, but probably some of the others as well, Americans included, is it not a fact that reserves are more likely to be involved in active duty than our reserves—

Air Marshal Evans—Yes.

Senator FERGUSON—And, therefore, reservists in those countries are made to feel much more a part of their armed forces than sometimes Australian reservists feel?

Air Marshal Evans—That is true, and it is a very important factor. Mind you, it is pretty tough. They are not even given a time; they can be called up at any time and they are called up for a year. They are called up at the pleasure of the president and may be there for five years or whatever. They are used in these conflicts, and that I suppose excites the imagination of young people, rather than here where nothing has happened—although, again, in Timor it has.

Senator FERGUSON—It has, yes, but it has been a long time—

Air Marshal Evans—Yes.

Senator FERGUSON—And that may account for a certain lack of enthusiasm for people becoming involved in the Army Reserve.

Air Marshal Evans—Indeed.

Senator FERGUSON—I do not know how we overcome that. We do not want to be involved in conflicts.

Air Marshal Evans—No, we hope that they do not happen, and we do not have a world role, as the Americans have. On the other hand, think of what Australia has been involved in since Vietnam—Somalia, Namibia, Cambodia—so many places.

Senator FERGUSON—Rwanda.

Air Marshal Evans—Yes, Rwanda, and so it goes on. There have been a lot of them. Perhaps we could use reserves more in that way to give them some exposure to this type of thing. It may be a way of encouraging them in that it is an exciting business and they just do not go to a camp for 30 days a year and run around. I think it is a good idea, and it certainly must be a factor with those countries.

Senator FERGUSON—I imagine with the Israelis, in that they get called out so often, it would be hard to tell whether you were a reservist or regular.

Air Marshal Evans—Yes.

Mr PRICE—In the report we recommended cutting back the existing Army to four brigades—that is, both regular and reserves—and then having the ability to cascade, within two years, up to a further eight brigades. We did not really emphasise enough that you could cascade to a further additional one brigade to enable you to have five, depending on the circumstance; you did not have to compulsorily go up.

Surely part of the current problem with the Army is that now, to its credit, the government has defined a role and tasking of the Army very clearly. Do you feel that Army has been given the resources with which to carry out that role? Let me give you an example. The reserves in East Timor were used as slots to fill regular holes—the so-called slot theory. But if you talk to the Reserve Association, they actually want to be sent in formed units. We estimate that to provide them with equipment—just equipment—would cost $4.2 billion. Clearly that is out of the ballpark. With the white paper, have we broken out from the sins of the past—that is, giving Army a role and tasks but a structure or a lack of investment that means that they cannot fulfil those roles and tasks?

Air Marshal Evans—Firstly, the three services are all deficient in the things they would need to carry out their role completely. This has always been the case and no doubt always will be, unless we have a very clear threat. So it applies to the three services. For instance, the Air Force lacks the sort of tanker aircraft it would use. In Army we are talking about four regular brigades and eight reserve brigades. Again, I believe that the cost of having them equipped

would be beyond the resources of this nation. That is why—as I think you say in the report—it is a graduated response. The four brigades, or whatever is the peacetime number of brigades we have in the Army, should be fully equipped; there is no doubt about that. Steps are being made. More helicopters are coming along and there are some great improvements in attention to Army's deficiencies—certainly in terminal areas and logistics capability. So I think that is happening. It will never happen 100 per cent, and I guess the nation cannot afford that. It is a matter of priorities.

As for the reserve forces, if you have eight brigades, surely you would not want all eight ready immediately—and you have said over two years. But perhaps the first two brigades should be fully equipped to the extent that the nation can afford it, and then it should be graduated down. Again, if we have an understanding with, and an ability to call on, our allies for equipment, that equipment can be provided. The trouble is that, when we are involved in something, the Americans and the Brits are likely to be also, and it is difficult to get equipment at those times.

Mr PRICE—That is right. I agree.

Air Marshal Evans—I think you just have to accept that we cannot do it to the extent that we would like to. But the first step should be the people serving. Certainly, if Army or Defence accept that, instead of filling up brigades or battalions of the Regular Army, reserves go as a unit, it would be a hell of a boost to their morale and that would be the way to do it.

Mr PRICE—I guess we have not really explained that cascading effect, but we would be cutting the permanents and regulars down to four brigades only; there would only be four brigades in the Army. Part would be reserve, part would be regular, and no other units would exist. But within that two-year warning time, if appropriate or if required, we can cascade some additional—

Air Marshal Evans—Yes.

Mr PRICE—I apologise to you. We had hoped to have a costing done by our research library on the report. That I think would have indicated that a very modest investment was required to implement the recommendations of the report.

Air Marshal Evans—Yes, it depends on what you had in mind for the equipment of those eight brigades. Obviously you could not equip eight reserve brigades.

Mr PRICE—You are quite right. I think it fundamentally changes the relationship of Army with industry, and we cannot be dependent on overseas.

CHAIR—Thank you very much. We certainly appreciate your time and effort and the fact that you went to so much trouble to put in written submissions. If there is anything else we need more information on, I am sure that you would be happy to respond to the secretary's letters. You will be sent a copy of the transcript of the evidence here today and you can correct any errors of grammar or fact. Again, thank you very much for coming along.

Air Marshal Evans—My pleasure. In spite of my disagreement with some of it, I think it was a very good report.

[9.50 a.m.]

COPLEY, Mr Robert John (Private capacity)

CHAIR—On behalf of the subcommittee, welcome. I must advise you that the proceedings here today are legal proceedings of the parliament and warrant the same respect which proceedings of the respective houses of parliament demand. Although the subcommittee does not require you to give evidence on oath, you should be aware that this does not alter the importance of the occasion. The deliberate misleading of the subcommittee may be regarded as a contempt of parliament. The subcommittee prefers that all evidence be given in public. But should you wish at any stage to give evidence in private, you may ask to do so and the committee will give consideration to your request. We have received your feedback on the *From phantom to force* report and appreciate the time you have spent providing comment on the report. We are particularly interested in the views you have expressed on the governance of the Army and how it can be improved. I now invite you to make a short opening statement.

Mr Copley—Thank you very much. I have not done this sort of thing for about 15 years, so I am a bit nervous.

CHAIR—You have no need to be.

Mr Copley—I will talk from a written script, if that is okay. I also have prepared some charts that might be of use to you; they just amplify what I am saying. You have asked me here, as you say, to discuss governance. I suggested to you in my submission that the problems in the Army arise from the quality of its governance. My purpose is really to sow a seed of debate on the issue of best practice management of the Army. The strength of an Army is in its ethos and doctrine. The evidence suggests—and it is your evidence—that these things are at a low ebb in the Australian Army. If so, they are likely to be improved only through the Army's own efforts and by its own management, and meddling will add no value whatever.

But getting back to governance, I think we all understand what governance is. Broadly defined, the Army's governance is its management system. Organisations usually have two levels of management. One is someone acting on behalf of the principal stakeholders, guiding the organisation to accomplish what it must and ensuring that it avoids unacceptable activity. This would normally be a governing body—a board of directors, if you like. A governing body leaves the detail to the second of the two levels: the operational management. That is usually headed by a CEO, an MD or a director or someone of that nature, whose job is to conduct the organisation's activities. Needless to say, it is common wisdom that a governing body does not meddle in the operational management.

The Army's governing body is the defence department, which has had a bad record in management—managing itself being an example. But let me give you others. The department has prepared a defence white paper in which self-defence is the number one priority for Australia, followed by regional assistance and coalition assistance. The Secretary of Defence in this publication, which is a United Service Institute publication, quotes the old but reliable phrase 'what is measured is managed: if you are not measuring, you are not managing'. In the

current strategy it is not proposed to measure the Army's capacity to deal with armed attack, unless the attack is deemed to be a credible one—and that would probably require it to happen first.

What is the nation's capacity to react against hostile forces, say, in Broome, Albany, Portland, Strahan, Smiths Lake or Prosperpine? While the department busies itself meddling with the Army, there is no direction for other than short-term offshore activities. To further illustrate, we have a maritime strategy. I see that as an appealing, though incredibly risky, doctrine, supporting big spending for the Navy and the Air Force. It seems to have no clear role for the Army, deployed as it is largely in northern Australia. I would have Army deployed in northern Australia, but not as much. If Douglas McArthur were planning to lodge forces in Australia, he would probably bypass the north and land somewhere else—so I suspect would any aggressor.

Mr SNOWDON—Such as drug importers off the coast of New South Wales.

Mr Copley—Exactly. It is so easy. So why is there such a preponderance of the Army up there where there is less than, I think, five per cent of the population? The social training and maintenance costs alone should prompt a reconsideration of the present deployment. In any case, how expensive and difficult is it to recruit Australians for careers up there? The answer is in your report: it is about $34,000 a recruit. In the minds of potential recruits and their parents, joining the Army to go up there is about as popular as joining the foreign legion. If the Army managed itself, it would not be up there on such a scale; meddling has put it up there.

Good governance starts with clear instructions on what is to be achieved and unambiguous directions consistent with that achievement—and yes, it does have a measuring stick. In the charts that I have issued, chart 1 is the defence organisation. It is off the defence department's Intranet, so it is their organisation. It is a classic pyramid structure, with central bureaus called 'executives' and it is perfect for meddling with the arms.

Chart 2 is the same organisation shown as a board of directors of the Army; it is a huge board of directors, if you like. Very little of it actually adds value to the creation and employment of military capability. It takes the minister's administration function and the military command function and blurs the boundaries between them. The minister, in this chart, clearly administers, controls and commands the Defence Force in whatever amount of detail he chooses—and that oversteps his function. It gets him involved in detailed management and it distracts him from the broader issue of national security.

This organisation reflects an attitude about defence, in my humble opinion. It is an attitude that national security is achieved in Canberra. We all know that national security is achieved by the community: in particular, by its representatives creating clear and adequate laws; by its own education and acceptance that this is a world with real, though uncertain, threats; by the will to resist; and by well-managed arms. Let the defence department stop meddling with the Army and turn its attention to measuring these things, in the interests of national security. As an aside, it is interesting that the Secretary of Defence also in this publication refers to the arms of the Defence Force as 'the services', and the Public Service as 'the civilian arm'. Perhaps that is a Freudian slip.

Chart 3 gives some meaning to the previous one. This chart basically shows a board of directors and all of the executives, with direction coming to the Army from every which way. Replacing that I would propose a board of eight to 10 people, with a non-executive chairman and the directors, except for the Chief of the Army, all non-executive directors. This, as you would recognise, is the Defence Act 1903 to July 1996. It is updated, except for the few changes that were made to the reserves over the last few days. So it is virtually the current version. In it, the Army is definitely an arm.

Mr PRICE—What change to the reserves are you speaking about?

Mr Copley—The ones that the parliament made I think a week ago. They have not been printed out yet obviously. The legislation in this is largely trivial and out of date. Have a read of it. There is nothing there about national security. It fails to assign accountabilities or even the meanings of important terms like 'command' and 'control' and leads me to the observation that the defence department is hard pressed even to manage this document—or comply with it, for that matter—let alone manage the arms of the Defence Force.

In my experience in and beyond Russell Offices, the great majority of the effort of the department is in managing itself, politicking, reorganisation, reacting to systemic failures, and public grandstanding. This kind of large, complex organisation is demonstrably incapable of giving the Army the quality of governance that the nation needs it to have. I recall a staff college problem when a colleague was asked to describe the enemy's organisation. He replied, 'In good time; I have not been able to figure out ours yet.'

At the bottom of this same chart, I have crossed two functions that are core functions or main value adding functions of the Army, both having been taken largely out of the Army's hands: materiel and personnel. Is there so little confidence in the Army's management skill that the government must take over its personnel and materiel functions? On what basis is the government advised that the truck replacement project, for example, in future would be better managed by itself than by the Army?

Chart 4 is an example only of a management system that I believe would deliver what the government says it wants—that is, an army with a core function to defend Australia from armed attack and other tasks not detracting from the core function. This could provide direct and accountable governance and could efficiently separate the functions of government—that is, general control and administration—from the management of the Army. Let us have an Army with an enviable ethos and good national security doctrine. Give it unity of command, and its high-quality people will solve the problems that your report so clearly identifies.

The lower section of this chart is the management of unified or joint service action. It would be a consequential change and good value if board management were adopted. I have drawn it that way to indicate that the joint chiefs would then have some teeth in a process that they are now fully equipped for; namely, collectively taking charge of all unified and offshore planning strategies and deployments.

I know you may have some questions for me. But let me first ask you: can you, as an informed committee, settle for recommendations in your report that only meddle with the Army, when the urgent need is for a higher vision: one that emphasises the rule of law and good

legislation—not this; one that separates public administration and general control from the operational management of the arms; one that recognises the principle of unity of command; and one that recognises the unfulfilled need for excellence in the army's system of governance? That is my opening statement, thank you.

CHAIR—Thank you very much. We will have your charts accepted as a supplementary submission. I would also like a motion to cover the supplementary submission from Air Marshal Evans. So moved by Senator Bourne and seconded by Mr Snowdon, thank you.

I suppose your challenge to us in that last question is to go beyond what we have done in focusing just on Army. It is something that the committee could take on notice, but it is an interesting point. The management structure that you have put together is obviously something you have based on some experiences that you have had. I wonder whether we could have examples of where this has been put into practice, either locally or overseas.

Mr Copley—The Australian Army from 1903 to 1976 or thereabouts had a board system; I was in it then. The British Army, which I have served with, has a board system—not entirely the same as I have proposed. The United States Army does not have a board system, but it does have a system, by and large, similar to what I have proposed. It has single-service departments, which I would not propose, but each of those runs the Army and gives the Army its management. The Indonesians have a system pretty much like ours now. But I think I am drawing experience more from general practice not only in the Defence Force; every successful enterprise in the Western world has the system of governance that I am describing. Very few have the system of governance that our Army has. Very few armies, if any, have it.

Senator SANDY MACDONALD—Couldn't we go on the Wermacht model of 1939?

Mr Copley—I do not know.

Senator SANDY MACDONALD—It was a pretty effective army.

Mr Copley—We have our Army too tightly integrated into the political system, in my opinion. What that does for the political system is not for me to judge, but what it does for the Army is not good.

CHAIR—So, in practical terms, would you suggest that headquarters should not be in Canberra?

Mr Copley—No. Geography is irrelevant, if the organisation is right. I think the headquarters can be wherever they need to be. They are in Canberra now, so I would not have them moved. There has been too much movement. That just creates disruption, it creates a huge drain on budgets and it is unsettling. The Army at the moment, with the intensity of activity that it is involved in, does not need miscellaneous, unsettling activities.

CHAIR—I think Petronius had some words on that once, didn't he?

Mr Copley—Possibly, but they were probably in Latin.

Senator FERGUSON—I know that you were not trying to offend the member for the Northern Territory when you talked about relocation of the Army or the effect that having the vast majority of our troops in the north has had. Mr Hollis, who has just left the room, and I are members of the Public Works Committee. I cannot imagine us having to go and visit anywhere else in Australia and try to get the government to spend the sort of money that has been spent in locating the Army in the northern parts of Australia, when that was a strategic decision that was taken some time ago. I know there was debate at that time, but that was the decision that was made. To even contemplate reversing that decision would, I think, give the Public Works Committee that much work to do in authorising new expenditure that it simply would not be practical. In theory, you may have an argument, but that is a debate that took place some time ago, which has, been had, and I cannot see any possibility of ever reversing it.

Mr Copley—Ten years before that move to Darwin took place, I am sure someone sitting in your seat there would have said exactly the same thing about moving to Darwin. Also, I think national security and the proper management of the arms is of higher priority than a public works issue.

Senator FERGUSON—It is not just a matter of public works but a matter of public expenditure. There is a limit on public expenditure that has to be approved by the Public Works Committee. I am talking about public expenditure when, with the move to the Northern Territory and the move to Darwin, there has been a colossal amount of investment by this country in strategically placing its armed forces predominantly in the north.

Mr Copley—That was yesterday's money that was invested up there. That money is spent and gone. Future money is what we are talking about here. In any case, I am not talking about closing down bases up there. I am talking about moving some of the forces back into where the bases still exist and bringing them into the community—the community from which over the next 10 years they are going to hope to get another 50,000 servicemen. I do not think they are going to get them, unless they start involving themselves more in the community as integrated elements of it. If it is just a money exercise, if you are prepared to say now that the government simply will not have the money in the future, so be it.

Senator FERGUSON—It is not a matter of not having money in the future, but there are other priorities. An enormous expenditure has already been put into relocating the majority of the armed forces in the Northern Territory. That was a strategic decision that was made. Other expenditures are required which may have a higher priority.

Mr Copley—They may indeed, but we put the Defence Force up there because we had some misleading thing called 'a credible contingency' and we were going to fight all our wars up there. So we put our Army up there, we put our married quarters on the frontline and we did all that sort of stuff. Why the heck we did that, a lot of people did not understand at the time. Some people thought—with due respect, once again, Mr Snowdon—that it was just to populate the Northern Territory. I did not think that, but I have heard it said.

Mr SNOWDON—With your chart No. 3, where you have the crosses against the personnel executive and secretary materiel, could you explain what you see as the problems currently? In your diagram, could you explain why there is a problem currently with those two parts of the organisation?

Mr Copley—One of the principal value adding functions of the Army is to raise and train its people. Right now, that function is being managed to a large degree by the Department of Defence. I might add that the Department of Defence recognises that it has some very serious problems recruiting reserves and the regulars for the future. But it is still proposing to do it as a government function rather than have the legislation changed, saying that the Army or a military board or somebody is responsible to raise, train and equip an army. Right now who, under the act, is responsible for raising the Army? Nobody.

Mr SNOWDON—I think there are a number of examples of recent days where personnel decisions have been in conflict with finance decisions within defence. One of these is an issue that is raised on the white paper, which is remote locality leave travel in the Northern Territory. Clearly what happened in that instance was that bean counters in defence took a view and overrode the personal executive.

Mr Copley—That is a problem with the present system. The present system has been in vogue now for 10 years or so. I am saying that the present system, with its centralised bureaucratic management, is demonstrating that the controls and the management it is supposed to be putting in place are not being brought about; it is not happening.

Mr SNOWDON—I will give you another example. In the last three weeks a training unit has been put into East Timor to work with the East Timorese to work train up their Army with the Portuguese. Seven Australian personnel are over there without any conditions of service. They are not being treated in the same way as are other Australian defence personnel in the region, although they are in the theatre of operation. They do not have any of the rights of the other ADF personnel. When we try to find out what is going on, we know Headquarters Land Command is obviously very concerned about it. But, somehow or other, in this structure we cannot seem to be able to get it right in terms of looking after defence personnel.

One of the points that you have made, which I think is absolutely legitimate, is that there is a real morale problem in the Defence Force because of the abysmal way they are being treated by the defence structure. This is why I have commented on your cross. I think you are right in that, when you look at the front of this, it describes the current structure adequately. The minister sits at the top and, in my view, the minister can change any decision.

Mr Copley—Yes.

Mr SNOWDON—But the minister refuses to. He flicks it off to the Defence Force and says that it is someone else's problem. Frankly, if we have a structure where the minister, as you properly point out, is responsible, the minister should accept responsibility—whether it is Minister Scott in this instance, or the senior minister—for the abysmal state of morale in the Defence Force because they are not allowing the Army to manage their troops.

Mr Copley—One of the most abiding principles in the Army—and I am sure in other armies and in the rest of the arms—is unity of command. I am really saying this: let's get back to that principle for our Defence Force and give it unity of command. In that way you can say exactly who is responsible if you have a problem like the one you have mentioned and ask why they are not sorting it out. That sort of thing is needed. The Army needs to know where the decisions affecting its people are coming from. Right now they do not know. I might add that no amount

of reform of a fundamentally weak system of governance will solve the problems that you have pointed out in your report. It needs a new system of governance.

Mr SNOWDON—One of the issues which arises—coming from the Northern Territory—in the arguments that are often heard is, 'It's all Canberra's fault; Canberra made this decision.' That is now emerging as a significant issue for defence personnel. They are not getting decisions made which are in their interests, and they are saying, 'We can't get decisions out of Canberra.' This is the senior command; I am not talking just about the troops here. You go through the structure, through the hierarchy, the chain of command, until you get to a level where there is a glass ceiling which is created by the fact that we have this abysmal structure.

CHAIR—Just coming back to your board of governance, who do you feel should be the type of person to be a member on that board?

Mr Copley—I would say that such people should be selected in the same way as the government looks for people of appropriate and suitable qualifications and profiles. In terms of actual people or actual appointments, I would say that there are a number of ex-Defence Force personnel, any number of retired senior officers. It would be possible to invite a senior officer to retire in order to go onto the board. But the board that I am proposing would not—.

CHAIR—That conjures up all sorts of images. Could you be a bit more specific? Would it be just retired senior commanders?

Mr Copley—No. I would say it would be people from the community, as selected by the government, recommended by whatever process is put up to recommend them. The government is quite accustomed to appointing boards and members of boards. This would not be an overly large challenge for it.

Mr PRICE—We did have a system of very clear identification when we had five portfolio ministers in defence and Army having its own minister. You do not envisage going back to that system, do you?

Mr Copley—No, I do not think so. We also went from that to another system, where we created a Department of Defence support. That was a system which, I might add, did not work and was abolished and which we have virtually returned to now with the materiel organisation. It is all but a department. It has moved out of Canberra, away from where the main department is. It is operating at undersecretary level. It has taken over virtually all of the materiel function, including the acquisition of the Army's equipment. My question earlier on was: why can't the Army purchase its own equipment? It knows what it wants.

Mr PRICE—I think the irony of the defence efficiency review, as shown by your chart, is that, instead of going for a flatter organisation and having fewer chiefs in the organisation, we now have more.

Mr Copley—Yes. More or less, there are still too many.

CHAIR—Could you elaborate on what you see as being the major roles and major tasks of the board?

Mr Copley—Yes. I have a note on that, if I might just drag it out. This is the way I have worded it, and it is not necessarily perfect. The board would raise and prepare regular military forces and reserves and plan for the expansion of the peacetime Army to meet the needs of war. It would organise, train and equip forces for assignment to joint commands for joint training and operations, military assistance and overseas deployments. It would prepare doctrines for the above functions. It would justify to the government changes to existing Army bases and troop locations, where such changes would be likely to require the government's approval—Senator Ferguson might be happy with that. It would prepare and submit budgets to the Minister for Defence. It would prepare statements of requirement and refer them to the joint chiefs committee to ensure that they are consistent with strategic plans and priorities. It would be prepared to justify them to the Minister for Defence, parliamentary committees and others authorised by the Minister for Defence.

Mr PRICE—In effect, would there be a significant weakening of the considerable power of the CDF, Vice CDF and Chief of Army by that proposal?

Mr Copley—Not the Chief of Army, but what it would be—

Mr PRICE—I think Chief of Army too.

Mr Copley—If the board system were adopted, and if it were made across the arms of the Defence Force and not just the Army, I simply cannot see a role for a Chief of Defence Force. That will be unpopular, I know.

Mr PRICE—You have mentioned the States as a good example. I had the opportunity to speak to then Defense Secretary Cheney's military adviser. He was telling me that the clout of Congress was such that, in the cutbacks, they cut back the regular brigades out of an organisation. Those brigades were supported by reservist units, but the reservist units continued on, even though the regulars had gone. That had caused great inefficiency and it is something that would not happen in Australia. The good thing about Australia is that we are able to take some often tough decisions, I admit, but we do not come up with some silly decisions, as happened with some of the cutbacks in the States—and the board was no protection, presumably, in that environment.

Mr Copley—My experience in the States suggests to me that the Army reserve there is totally different to our Army Reserve and different in concept. Most of the Army reservists that I knew were full-time participants in regular units in a queue, waiting to be invited to transfer to the regular Army. Many people who serve in the regular Army in the United States are categorised as USAR, United States Army Reserve, but they are part and parcel of regular units. They simply wait until there is a vacancy and until they are offered an opportunity to transfer. Their reserve is a totally different system. It is not part of the emergency forces, if you like, as ours was until it was interfered with. The National Guard is probably more a part of the emergency forces over there than the reserve.

I cannot really address the point you have made. They may have made some silly decisions in a big organisation, but then Mr Cheney at the time as Secretary of Defense was a member of cabinet, and their system in that regard totally different to ours.

Mr PRICE—Congressional committees tend to have a tad more power than our parliamentary committees too.

CHAIR—You said a minute ago that you would not see a role for Chief of Defence Force. Is that correct?

Mr Copley—Exactly.

CHAIR—What about operations?

Mr Copley—Operations work very satisfactorily in the United States on a much grander scale when they are headed by the Joint Chiefs of Staff. I would see the joint chiefs committee being equipped with a staff here being perfectly adequate to run as a committee any kind—as I have mentioned in my comments—of strategic planning, deployment, overseas action, whether it be peacekeeping, war or whatever. The idea of having a single appointment at the top does not give us any better capacity for unified action than having a joint chiefs committee would give us. That is well proven since being instituted in the United States in the National Security Act 1947—I think it was 1947.

CHAIR—As there are no further questions, we thank you very much for coming here today. If we have any further questions, the committee secretary will write to you. You will get a copy of the transcript of the evidence and, if there are any errors of grammar or fact, please feel free to correct it. Again, thank you very much for all the time and effort you have put into assisting the committee.

[10.26 a.m.]

CLUNIES-ROSS, Major General Adrian, AO, MBE (Retired), Chairman, RSL National Defence Committee, Returned and Services League of Australia Ltd

CHAIR—On behalf of the subcommittee, I welcome Major-General Adrian Clunies-Ross representing the Returned Services League. I must advise you that proceedings here today are legal proceedings of the parliament and warrant the same respect which proceedings of the respective houses of parliament demand. Although the subcommittee does not require you to give evidence on oath, you should be aware that this does not alter the importance of the occasion. A deliberate misleading of the subcommittee may be regarded as a contempt of parliament. The subcommittee prefers that all evidence is given in public, but should you at any stage wish to give evidence in private you may ask to do so and the subcommittee will give consideration to your request. We have received the RSL's suggestions on *From phantom to force* and would appreciate being able to discuss these with you. I would invite you to make a short opening statement.

Major Gen. Clunies-Ross—Mr Chairman, ladies and gentlemen, thank you for the opportunity of appearing before you again on the subject of your report *From phantom to force*. First let me say that the RSL agrees with a great deal of the discussion in the report and believes that the report in general has correctly identified the main causes for the deficiencies in the Army that have been evident for some years. The first and foremost of these is the role assigned to the Army by DOA87, which was essentially to perform low priority defence of sea and air bases on Australia's mainland. While I do not wish here to go into the deficiencies of this concept, which have been well documented in the report and in a number of submissions, it is evident that the theory was in glaring contrast to the reality post Vietnam and indeed pre Vietnam. In fact, it perhaps goes back to 1911. The second major deficiency identified in the report was the lack of adequate resourcing without which no theoretical concept, however good, will work.

To get to the main issues, the RSL agrees without qualification to recommendations Nos 1, 2, 4, 6, 7 and 11, while recommendations Nos 8, 9, 10 and 12, as far as we are concerned, require further clarification. We have some difficulty with two recommendations, Nos 3 and 5, which are the most important, particularly recommendation No. 3. The key question raised by recommendation No. 3 is the relative composition of the four brigades between regulars and reserves and, depending on that composition, the capacity to achieve the objective of a brigade and a battalion deployed simultaneously in two different locations. The report does not attempt to answer this question. Whether in fact four brigades is an adequate force should perhaps be debated first. Mr Chairman, that is all I wish to say and I will leave the rest to questions.

CHAIR—Thank you for that. If I can flesh out that last comment about four brigades.

Mr PRICE—Sorry, on the composition, as you point out we deliberately were not prescriptive and the people best able to make that call should be Army.

Major Gen. Clunies-Ross—I would agree with that entirely. But what flows on from that decision is crucial to the whole report.

Mr PRICE—Absolutely. But also the reserves would be a very different reserve component from what we have now. The reserve component of the four brigades would be fully equipped and fully manned—in fact, overmanned given 120 per cent—and be capable of being deployed in formed units.

Major Gen. Clunies-Ross—It is a question of how many reserve brigades there would be.

Mr PRICE—Not so much a reserve brigade, but it would probably be a battalion group within a brigade. So no one brigade I would imagine would be fully reserve. Sorry, Chair.

CHAIR—That is fine. Going back to this question of four brigades, you question the premise of that.

Major Gen. Clunies-Ross—It is a question of composition. For instance, the white paper talks about three ready brigades, and at least 2½ of those are regular. If you take that as being a given, you have left yourself with the equivalent of 1½ brigades of reservists. That is theoretically possible but, if you look at the practicalities of it, how are you going to distribute this 1½ brigades of reservists around the country? Indeed, if you really look at practicality you have to concentrate people in the populated areas, which means that large elements of the country are not going to have any reserves at all. That seems to me to be a political issue which is going to cause some difficulty.

Mr PRICE—I am glad you raised that point. If I can give an example in Western Australia, while we have a reserve brigade there now, that would be likely to go down to a battalion group that fits into a regular brigade. They may be unhappy about the downsizing but again the point is—no disrespect to the reserve by the way—is that it is a fair dinkum battalion group expected to perform, a capable thing. I think every state could still have a reserve battalion group. I am not sure you could go beyond that. I agree with you that, if we cut it out in Western Australia, the brigade over there made their reaction to that quite clear. I received that message loud and clear.

Major Gen. Clunies-Ross—Even a cutback to one battalion is probably going to cause significant difficulty. In a practical sense I agree with you but I am just talking about my experience of how these things are done in practice. They are very difficult. The other question is if you are talking about four brigades only of an indeterminate composition, either regular or reserve, do you have sufficient in those four brigades to deploy a brigade and a battalion, as you have stated you wished to do, and indeed the white paper also said that is what it wishes to do? If you look at in practical terms, it seems to me that four brigades of which perhaps one or 1½ are reserve is going to give you a very limited capacity to keep a brigade and a battalion overseas and replace them appropriately. You would have to look at the practicalities of whether four brigades are in fact sufficient. You can work it out pretty mathematically actually. Again, this goes back to the relative compositions of those four brigades. It seems to me that you are cutting yourself pretty close to the bone. I think the report is the best report I have ever seen on the Army, quite frankly: you have the background right; you have a lot of the argument right. I

do not want to be patronising but I think it is right. However, the miss is on a couple of those recommendations. I do not think they are absolutely obtainable and practical.

CHAIR—We will flesh this out a bit further. We are very grateful for your wisdom on these matters. If we had a brigade overseas and we are talking about the fact that we have to have a reasonably rapid expansion, if needed, up to a further eight brigades, you are saying that in practical terms you question whether or not we could do that sufficiently in the time needed for rotations or whatever?

Major Gen. Clunies-Ross—What I am saying is that if you have a Timor type situation—let us forget about expansion—you have a brigade deployed there, you have another battalion deployed elsewhere, then you have to have a brigade waiting to replace that brigade and you have to have another battalion to replace the battalion. You also have to have a trickle stream of replacements going into those organisations all the time. So from the time you deploy there are people going in and coming out for all sorts of different reasons—sickness, casualties, you name it. As well as having these people training up to replace and depending on how long they are deployed for—in Timor they were deployed for four months—if we have to replace and we have to put in another brigade inside four months and put in another battalion inside four months, I question whether four brigades of which two or 2½ are regular is sufficient to do that. You could perhaps get your trickle flow out of the reserves. Again, neither the white paper nor your report has said precisely how you wish to handle the reserves, and that to me is the key question.

CHAIR—Can we just grab your recommendations if you were to—

Major Gen. Clunies-Ross—I would say that you need at least three regular brigades out of that four. Whatever size reserve force you wish to have will depend on how you see that reserve force being used: whether it is used to provide replacement units such as battalions, gunner regiments or whatever to that deployed force; or whether it is being used to provide trickle replacements; or maybe it provides both. It might be trained up to provide unit replacements. But I believe that you will not be able to deploy reserve forces as units initially. You will be able to deploy individuals as was done in Timor but you will not be able to deploy reserve units in the first iteration or in the second iteration but perhaps in the third. That is if you call them up and you get them training full bore. You have to look at that, which is a pretty firm mathematical or difficult problem. I think that is going to be there. Whatever conditions you apply to the reserve—certainly, the conditions that are coming forward now are vastly improved and help the situation—you are not going to be able to get reserve units into action under a considerable period of time, in my view. That means a considerable period of time after callout when you get them all together and you have them legally under your thumb.

Mr PRICE—You are raising all the difficult issues and thanks for that. That is really important, I guess. In the report, I think we have taken the hard decision to tremendously cut back the number of reserves but the reserves that we want are, generally speaking, a different type of reserve from what we are used to. Let me put it another way, General: if we are spending $500 million a year to provide slots or trickle replacements, that is a huge expense. We are saying that we should have a reserve that is better trained, used to manoeuvre, is part of a regular brigade and must be deployed—I guess even under our scenario probably not in the first wave because the first wave is probably going to be the highest readiness forces anyway—in the

second and third waves. Admitting there is some messiness with some of those high readiness forces in terms of the structure of a brigade, the other three should be similarly structured, similarly equipped and able to be deployed without the difficulty we went through with that Darwin brigade when we were trying to fire up—I was never good at numbers.

Major Gen. Clunies-Ross—It was the 1st Brigade

Mr PRICE—The 1st Brigade up in Darwin. That really showed how difficult it was just to get a second rotation in, let alone getting a third rotation in, because of the lack of manpower and lack of uniformity.

Major Gen. Clunies-Ross—That is exactly right.

Mr PRICE—What is the RSL's position on the reserves? We have had the legislation go through the parliament supported by both parties. That has been welcomed and probably addresses some old problems. We are still left with a reserve that really does not have a clear role any more with hollowness and being poorly trained and equipped.

Major Gen. Clunies-Ross—I think it is perfectly legitimate to give the reserve a real role, as you have in the report. That has to be done, but you also have to look at practicalities. Even though at the moment the conditions are being improved, with the employer support and all these other things in legislation, the fact is that a reservist under the current system and under the system that is being proposed still has no legal obligation to serve. He cannot be held to that obligation and, until he can be held to that obligation, I do not think you are going to get the results that you want. I do not see any reason why a reservist cannot be held to a legal obligation.

Mr PRICE—The return of service obligation, is that what you mean?

Major Gen. Clunies-Ross—Indeed.

Mr PRICE—But the problem is, is it not, that we actually don't know if we need a reserve? You are right in that we may need one. But we do not train them up and we do not give them the proper equipment. I know the problems of common induction training, but we fire them all up and then we send them back to units that are poorly equipped, struggling for training days and struggling to have a group of people turn up.

Major Gen. Clunies-Ross—That is quite true, but the reason for that over time has been lack of resources. The resources have never been there to be able to do that, other than with specific reserve units such as the regional force surveillance units or the commandos who are very well equipped and very well trained.

Mr PRICE—I am sorry, you are right—the clever units.

Major Gen. Clunies-Ross—The conventional units have always been in that situation. I would support absolutely trying to do something to make that better, but you have to be quite careful about looking at the reserve structure or assuming that it has the capability of doing things in the short term which I do not think are quite possible. Certainly, in my view, they are

not possible until there is a legal obligation. In other words, when you call out a reserve unit, you know you are going to get that reserve unit on the ground.

CHAIR—Can we just clarify this legal obligation: you are saying that we have to have some binding legal commitment from the reservist?

Major Gen. Clunies-Ross—I am saying it should be pretty much in the same way as a regular soldier. For instance, when he joins the reserve, he joins for whatever it is—four years—and the obligation is to do a certain amount of training in that four-year period and to be available for callout. Until you get to that point, I do not think that you are ever going to get the reserves to the state that you want.

CHAIR—When did we last have that legal commitment?

Major Gen. Clunies-Ross—We have never had it. Currently—I am a bit out of touch—a reservist has to sign on. It is a legal commitment theoretically but practically it is not because he can walk in one day and walk out the next. I do not think that is a practical situation. We did hear some discussion on the Israelis and how they use reserves. Sure they do, but it is a legal commitment. If an Israeli reservist is called out, he is called out. He has no option to walk out the door or do anything else.

CHAIR—They seem to be slightly more focused over there.

Major Gen. Clunies-Ross—They are more focused.

Mrs CROSIO—They have some interesting—

Major Gen. Clunies-Ross—That is true. You need to have a totally different system. But, if you want to have reserves available to you, you have to put your finger on the nub of the problem. Quite frankly, I do not think we have had done that. I have had 38 years of experience in the Army and 11 years after I retired keeping in touch, and we have never come to grips with that particular problem. It is fine if an individual reservist says, 'Yes, I want to go to Timor,' and there will be a number of those people who will. But that is not good enough if you are going to talk about units.

Mr PRICE—Yes.

CHAIR—If we were to put that obligation in, what effect would that have on recruitment?

Major Gen. Clunies-Ross—I do not know. I personally think you could get away it. But you can talk to a lot of reservists who say you cannot. I have talked to reservists and some say yes they agree with that and some say no. I really do not know. You will find some experienced reservists who say that it would kill the reserve; you will find others who say, 'Yes, I agree. That is exactly what has to happen.' I cannot tell. I really do not know. I think that you would get a percentage of the current reserve that would agree to that sort of obligation, but there are some people who will not. But you are talking about reducing the numbers of reserves anyway, so you are going to get down to a more hard core reserve on your recommendations.

Mr PRICE—And being able to invest more money in their training and in their personnel—

Major Gen. Clunies-Ross—For instance, if you wanted to call out the reserve commando company, I am sure you would get pretty close to 100 per cent and you would with the regional force surveillance units. But that does not apply to the reserve in general, in my view.

Mr PRICE—General, recommendation No. 3 also talked about cascading up to eight brigades. Was it the first part of the recommendation that the RSL had some difficulties with or both parts?

Major Gen. Clunies-Ross—Sorry, I will just have to look at it.

Mr PRICE—The first one is the four brigades operating in our strategic area—

Major Gen. Clunies-Ross—I understand what you mean. No, I have no problem with that as a concept. You are really talking about a mobilisation concept, are you not?

Mr PRICE—That is right. Within two years you can generate an additional brigade or up to an additional eight brigades.

Major Gen. Clunies-Ross—I believe you have to be able to do that. I think that is an essential feature of the whole show. Indeed, I might out point out that the Army in the 1980s had a mobilisation plan, which was suppressed in the 1980s after the 1987 white paper. It might be worth while revisiting that mobilisation plan. You have to have some sort of plan to expand, yes.

Mr PRICE—We did not develop it in the report, and I guess I regret that, but as I was saying a bit earlier this really changes the nature of your relationship with industry because not only do you have to look at what is required for your four brigades but also you have to have a relationship that will allow you to equip rapidly one or up to eight additional brigades.

Major Gen. Clunies-Ross—This gets back to stockholding policy, and we have never had a proper stockholding policy. The Army, when I was in it, was always battling to get a stockholding policy and to try to get stocks on the ground but that was never agreed on the basis of cost essentially. It does cost to acquire and it does cost to maintain and store. But you have to have some capacity. If you have 2½—or three brigades, as the white paper says—ready to go, you have to have stocks for those three brigades. There can be no argument about that and that is going to cost money, let alone trying to stock your expansion base.

Mr PRICE—General, can I just cover with you the other recommendation the RSL was concerned about. Again, I guess it is in two parts. I presume you are not arguing the multiples of three; that is, one deployed, one in training and one in resting. It is the first part—

Major Gen. Clunies-Ross—A little bit. I see what you are getting at in that recommendation. It goes back to the old Vietnam experience that you had three battalions overseas, three coming back and falling apart, and three being trained up. The only problem I have is that it seems to be too generalised. It will work for some units and formations but it cannot work for others because you cannot always work in multiples of three in an organisation.

Mr PRICE—I apologise. I am not sure that I quite understand that. I guess the recommendation has a sort of boutique capability in the Army. The recommendation is really saying that, if you need it, have it in threes—either three companies of it or three whatever of it.

Major Gen. Clunies-Ross—I do not think it quite works like that. You can talk about a system such as if you want a force overseas of a brigade, you have to have three brigades perhaps. That is fair enough. But if you get down into unit organisations, there are four rifle companies in a battalion so the three principle does not work internally.

Mr PRICE—No that is fair enough.

Major Gen. Clunies-Ross—If you are talking about formations and units, then generally I would agree. I do not think it is a major point, except that it is a generalisation which, if you really look into it, is not going to quite work that way. The principle is fine, but it is not going to work in practice absolutely.

CHAIR—I take your point. We are talking about the broad issue.

Mr PRICE—Can I ask just you about the white paper: there has been now a clarity in the role of the white paper. I am still a bit confused about the six ready brigades. They seem to be talking about two battalions to a brigade, which seems to be a bit shy. Are you satisfied that Army now has the investment and the equipment to undertake the roles that have been elaborated in the white paper?

Major Gen. Clunies-Ross—The white paper is a big step forward in many ways but if you get down to tin tacks there probably is not enough investment there. It is very hard to say how much investment is required to bring whatever reserves you have to whatever standard you want. We talk about three brigades but in fact we are talking about the 1st Brigade which has one battalion only in it. The standard brigade around the world has three battalions. We have the 3rd Brigade which has three battalions in it nominally—two in Townsville and one in Sydney—then we have the 7that Brigade as a readiness brigade so-called in the white paper, which has one regular battalion in it and two reserve battalions. So it is a fairly small force, put it that way. There are some huge steps forward from the point of view of recognising the need to equip this force properly. We have had ready forces in the past but only a very small number have been properly equipped. Only the ready brigade in Townsville was properly equipped, and the rest were not. They were not even manned properly. It is a big step forward. Whether it is absolutely adequate or not is not possible for me to say because I am not privy to how the money will be split up.

Mr PRICE—Has the RSL been consulted with re-roleing of the reserves? I understand there is a re-roleing going on but I could not find any extra investment there for retasking the reserves and training them up.

Major Gen. Clunies-Ross—There is remarkably little in the white paper on the reserves, apart from saying going to use them as operation fillers and so on and so forth. There is nothing as far as I could see they are which says what the structure is going to be or how that structure is going to be supported. So it does not help you much. It would seem to me that the people who

were writing the white paper deliberately did not put that in because they have not quite come to terms with what they are going to do.

CHAIR—My recollection is that it was quite firm about the need for reserves.

Major Gen. Clunies-Ross—Yes, absolutely, but not in any sense saying how many reserves we are going to have or indeed how they are going to be structured.

Mr PRICE—Is the RSL concerned that the projected personnel costs for the next 10 years are two per cent below the average cost of the last 10 years, in an era where we are having trouble recruiting soldiers and trouble recruiting reservists?

Major Gen. Clunies-Ross—I do not know what the practical effects of that are. Why?

Mr PRICE—I would have thought at the moment we probably need a higher investment not a lesser—

Major Gen. Clunies-Ross—One would have thought so, but I do not know enough about it. I was interested in the comment that Mr Snowdon made about those people who have just gone to Timor and do not know what conditions they are under. The whole basis of conditions of service was determined about two or three years ago and someone would say whether it was operational or non-operational. If it was operational, there would be certain conditions; if it was non-operational, there would be other conditions. For the life of me, I could not see why the seven people going to Timor could not be under one or other of those—

Mr SNOWDON—I think that is the issue. What they have done is I think say that they are not operational.

Major Gen. Clunies-Ross—If that is the case then they are under different conditions to the other people who are there.

Mr SNOWDON—Which is just lunacy.

Major Gen. Clunies-Ross—That is a strange decision, yes.

Mr SNOWDON—It was a stupid decision. I do not expect you to say it was stupid.

Major Gen. Clunies-Ross—I would say odd, put it that way.

Mr SNOWDON—They will change it, I can guarantee you.

Major Gen. Clunies-Ross—I am sure they will.

CHAIR—I have the paragraph from the white paper. Paragraph 8.23 states:

The key to our sustainment capability in future will come from our Reserve forces. In line with the new emphasis on a small, high-readiness army ready for deployment, the role of our Reserve forces will undergo a major transition. In the

past, Reserve forces have been intended primarily to provide a partially-trained basis to expand the Army for major land operations in some future crisis.

Mr PRICE—I guess the problem is though that there is no extra investment for the transition, which is a bit of a worry.

Major Gen. Clunies-Ross—Again, there is no statement as to how those reserves are going to be used or for what purpose—other than to say that they will be a high readiness group coming forward.

Mr PRICE—General, I very much appreciate the generous remarks you made about the report. I certainly understand why the RSL would have the objections that you have raised. Thank you very much.

Major Gen. Clunies-Ross—Not objections so much—

Mr PRICE—Concerns.

Major Gen. Clunies-Ross—as the belief that they could be carried forward and be a bit more specific.

CHAIR—There being no further questions, General, I thank you for coming along today and for the time and effort you have put in. What the deputy chairman said is well and truly noted. We do appreciate that. As you will be aware, is there is anything further the secretary will write to you. You will be sent a copy of the transcript. If there are any errors of grammar or fact, please feel free to amend it. Again, thank you for all the time and effort you have put in today. Thank you for all the work you have put into the white paper too. It should be noted.

Major Gen. Clunies-Ross—It was a pleasure, Mr Chairman, thank you.

CHAIR—We will take a short break.

Proceedings suspended from 10.56 a.m. to 11.05 a.m.

SMITH, Associate Professor Hugh (Private capacity)

CHAIR—On behalf of the subcommittee I welcome Dr Hugh Smith. I must advise you that proceedings here are legal proceedings of the parliament and warrant the same respect that proceedings in the respective houses of parliament demand. Although the subcommittee does not require you to give evidence on oath, you should be aware that this does not alter the importance of the occasion. The deliberate misleading of the subcommittee may be regarded as a contempt of parliament.

The subcommittee prefers that all evidence is given in public, but should you at any stage wish to give evidence in private you may ask to do so and the subcommittee will give consideration to your request. We appreciate your acceptance to appear before the subcommittee. The subcommittee certainly benefited both from your submission in support of the original report on the Army and your appearance before us at the last public hearing. Today the committee is particularly interested in your views on the reserve and how the report *From phantom to force* could be modified to produce a more capable Army and more effective reserve. Your views on education are also of great interest to the committee. Before moving to questions, Dr Smith, I wonder if you would like to make a short opening statement.

Prof. Smith—Thank you, Chair, for the opportunity to talk to you this morning. I would also like to congratulate the committee for this report *From phantom to force*. In listening to the discussion this morning, it seems that that report has moved debate on from first principles to issues of implementation. There are still a lot of difficult issues but progress has been made.

Let me make a couple of general comments and then speak more about the reserves and education issues. The report is also to be congratulated on dealing seriously with personnel issues but perhaps could have emphasised more how they run right through the whole question of capability. Maintaining the technological edge is not just a matter of equipment, it is a matter of well-trained people—people who can use the technology, keep it developed and keep it up to scratch—it is a matter of people with strategic skills, operational skills, planning skills and so on. I thoroughly endorse the notion of reducing the number of brigades to four. We can debate whether it is four or five or whatever. I would stress the benefit of having brigades at full strength rather than under strength in terms of personnel benefits: workload is better distributed; there is better job satisfaction; there is better collective training; there is less turnover of personnel—an enormous range of benefits.

Turning to the reserves, I would apply the same principle and, again, the report moves in this direction. I would rather have 5,000 reserves than 20,000 reserves if those 5,000 are more effective, better trained and more available as units. It seems to me, particularly listening to the discussion earlier this morning, that until you resolve those sorts of questions about the quality of the reserves, then you cannot really talk about whether or not they will be integrated into the brigades, and whether they will be prepared for deployment or not. You really have to decide what sort of reserves you want. Mention was made, too, of the legislation in relation to the reserves. My original submission welcomed that legislation but was rather dubious on whether it would really solve problems.

Mr PRICE—That is right.

Prof. Smith—For example, employers are going to get some monetary compensation but, equally, they are going to have to preserve the jobs of reservists, which can be a real problem for small business. It cuts both ways. Equally, other legislation is going to allow callout of reserves in a wider range of circumstances. That is good, but it may deter many people from joining—that may be a good thing but let us face up to that.

I noticed in particular and thoroughly endorsed recommendation 8B, which supported what I would call the Ready Reserve concept but which the report for obvious reasons did not. Let me emphasise two maybe three points about that sort of concept by reference to the Ready Reserve. The Ready Reserve got a large and fairly new category of recruits into the military, particularly the Army. These are the 40 per cent or so of 18- to 22-year-olds who are in tertiary institutions. At a time when defence is getting fairly desperate for recruits and it is costing enormous sums to recruit them, to ignore this huge group of fairly bright, fairly motivated young people seems to me extremely short-sighted. They are people who will be prepared to do one year of full-time training exactly the same as regulars and then who will generally be available during their university years subsequently.

Secondly, one great thing about the Ready Reserve is that it attracted bright motivated people who are likely to go on to important positions in the community. I heard on ABC radio earlier this week that the current Young Australian of the Year—I think his name is James Fitzpatrick—saying that he had spent a year in the Ready Reserve and that he had found it extremely beneficial, a great year. Someone like that who is deeply involved in community work and a medical student now will be a tremendous ambassador in the community and encourage other young people to go into that particular kind of military service. More generally but on the same lines, I think the Ready Reserve also got the ADF—and the Army in particular simply because of numbers—into tertiary institutions as sort of ambassadors in often hostile territory, certainly since the Vietnam War.

Mr PRICE—This is not a personal explanation.

Prof. Smith—There is a bit less hostility at the university college ADFA. We know where our bread and butter come from. For the rest of my academic colleagues spread through the university system, either they have some residual hostility from earlier years or they are simply totally uninterested. I will come to that in a moment as I think there are ways in which the Defence Force and Army in particular can engage more with universities. The Ready Reserve is one way. Maybe some re-invigoration of university regiments perhaps in connection with Ready Reserve service. I mentioned one or two other ways in my original submission, including the publication of a decent professional military journal which would have some scholarly basis as well as practical relevance. There are one or two very good American examples. We have failed to do it here, despite some people trying within defence.

The other suggestion I would make is in terms of expanding defence studies in other universities outside my own and the ANU. Australian universities for all sorts of reasons have really neglected defence studies. The sort of defence studies I have in mind would be very broad not only strategy and policy but also include personnel issues, sociology, military society, relations management and so on. I would suggest that instead of spending money on this

proposed institute of strategic policy—I think it has changed its name in recent times, maybe to the 'centre for superannuated strategists'.

Mr SNOWDON—That is fairly cutting.

Senator BOURNE—But not against the Northern Territory.

Mr PRICE—You have put it on the public record too.

Prof. Smith—I will never get a job there. It was estimated to cost some $2 million plus a year. I would rather see Defence divide that up into seven equal portions, one for each of the six states and one for the Northern Territory—I deliberately exclude the ACT—and see Defence go to universities in each of those states and the Territory and say to them, 'We will give you $300,000 a year for three years and maybe a further two years, what will you do with it to promote defence studies?' It may be chairs; it may be post-graduate scholarships; it may be publication programs; and so on and so on. You might even get some universities to top it up. They are very keen to find new sources of funds these days. You could go to all universities in each state and take the best bid. The fundamental argument for that is to spread the word—knowledge and information about defence generally—through the community. A very important section of the community is the academic world, particularly the students whom I think could form a very significant part of the future reserve force. They are a very few general reflections and suggestions, and I am happy to take questions.

CHAIR—Thank you very much, Dr Smith. I think we all listened with considerable interest to everything you had to say, but particularly the last points about the importance of defence studies in the universities and so on. Let us go back to the Ready Reserve, as I understand it, the cost was always a bit of a problem there. Is there some way of modifying that cost and obtaining the same result?

Prof. Smith—Yes, there is. One factor worth noting is that we are now spending $34,000 to recruit each single person to the Defence Force, and I suspect that is going to go up as recruiting gets more difficult.

Mr PRICE—It is about $50,000, is it not, just training up an infantryman going through the six weeks?

CHAIR—Are you talking about the Ready Reserve or?

Mr PRICE—No.

Mr SNOWDON—The additional training.

Mr PRICE—You have to recruit someone and then you have to train them. I think it is about $50,000.

Prof. Smith—I would have to check my figures, but recruiting and training Ready Reservists for the full year was under $100,000. So that puts it in perspective. Also if you looking at a

reserve force of, for argument sake, 5,000 rather than 20,000 then you are saving a lot of money on the 15,000. The other general comment I would make is that it is no use saying the reserves are too expensive if you cannot recruit regulars to do the job that the reserves are supposed to do. There may be ways of reducing the cost of reserves. The Ready Reserve, for example, had a training obligation of 50 days a year for the subsequent four years after their full-time year. That could possibly be reduced to 30 to 40 days. That would provide some reduction in costs. But the main point I would make is that, perhaps with a similar budget for reserves, you could go for quality rather than quantity.

Mr SNOWDON—I am interested in career management aspects of defence personnel management and in continuing education. One of the issues which was discussed this morning briefly was the deployment of large numbers of people to the Northern Territory, and clearly there are career management issues involved with that deployment especially with an NCO or a private soldier in the Army where you have nowhere to go other than to Puckapunyal in Darwin. That may create difficulties in the longer term in terms of separation rates and recruitment. Do you have any thoughts or observations to make about career management and the issue of continuing education providing people with alternate career paths?

Prof. Smith—I would make one or two comments. I remember the debate about Army presence in the north of 10 to 15 years ago and I remember talking to many people in Army who at that stage were looking at the personnel impacts. They were very worrying for all sorts of reasons. It is fairly typical to say that those sorts of issues were not taken that seriously, certainly at that time, and the strategic plan got the priority. Right or wrong, what I am saying is that personnel issues tend to be at the bottom of the list.

In terms of career management generally, there are studies being done on this in terms of developing specialisations, continuity, postings stability which I think are on the right track. One problem is that, with a high resignation rate, you are going to get lots of gaps appearing and suddenly people will have to be moved quickly simply because slots have to be filled. So it is not possible simply to solve career management without solving the whole set of personnel issues. The other comment I would make is there was a recent interview with the Chief of Air Force who noted that the Air Force is moving in the direction of using full-time education as a kind of reward, a sort of relief period at the end of a period of service, so there was not necessarily a return of service obligation. But the hope is that after a relaxing year in academia—relaxing physically but mentally it will be extremely stimulating—people will be re-invigorated and motivated to carry on serving.

Mr SNOWDON—But presumably, and with great respect to the people who have the one year off to go to academia, there will be a lot of people who do not want to go to academia, who may be less intellectual or who do not have the required skills to get there. Is there any work being done that you are aware of to upskill those people so that they are given guidance about how their careers might move? Clearly, if you are having trouble in recruitment, there is a cost benefit to keeping people who have been in for 15 years and keeping them for 20. The opportunity cost of that has to be taken into account, I would have thought. I am wondering what is being done, if anything, in that area. I am often meeting people in the Defence Force who are in their late 30s or early 40s. They might be senior NCOs, junior NCOs or might be at lieutenant or even at brigadier level. But they have made their lives and have now got families

with three or four kids, where do they go? There is a real issue it seems to me about what you do with those people.

Prof. Smith—I think you have to be clear about the purpose behind these sorts of schemes. Is it simply to help people resettle into the civilian community—that is one particular purpose—is it to give them a chance to relax and refresh; is it to equip them for the next stage of their career; or is it some mixture of all these three? You would have to tailor the sorts of things you would offer them accordingly.

Mr SNOWDON—My assumption is that we are doing it to ensure that we retain them.

Prof. Smith—Yes. Then clearly you would have to focus on people not too close to the end of their career but, equally, not too close to the beginning. You would have to look at courses and programs, which are going to motivate the individuals and equip them for future career development. I think you mentioned universities may be too intellectual—

Mr SNOWDON—I did not mean intellectual in that sense; I meant people may not have the skills to get entry into university in the first instance.

Prof. Smith—Sure. I think universities and tertiary institutions generally are becoming much more flexible and versatile in offering a whole range of programs. I will not say they are becoming less intellectual but they are becoming more flexible. They need students; they need funds. There are all sorts of ways of developing quite specific courses with a whole range of tertiary institutions, which of course are spread throughout the community.

Mr PRICE—As well as TAFEs.

Prof. Smith—Yes, I include TAFEs in tertiary institutions as well as colleges of advanced education—a whole range of things. That can be tied in with stability in postings so that if someone wants to stay on in Brisbane or Darwin they can go to the local university or college or whatever. You will also find universities are often prepared to deliver at a distance on site. This is one of the great developments in tertiary education. Certainly the Defence Force has been taking a greater interest in this in the last few years. Also—and this is a bit of a downside to it—a lot of Defence's own courses are getting accredited as masters degrees and graduate diplomas when, in my view, they are not genuine university courses. But that is another issue. So, yes, I think the tertiary sector broadly defined has a lot to offer.

Mr SNOWDON—I was also interested in your university regiment stuff being ex SUR at ANU. Some years ago they knocked off the ANU element and canned SUR, as I understand it. SUR might be still operating but they do not have a unit here any more.

Prof. Smith—I think SUR survived but university regiments have sort of lingered on without any clear purpose and, again, like the cadets, they need to be thought about seriously.

Mr PRICE—We were not prescriptive about reintroducing a ready reserve type scheme. I do not want to reiterate the benefits of the scheme but I guess in some ways both a benefit and a disadvantage was that the ready reserve scheme was centred in Queensland. It is possible within the recommendations of the report that you can allow the reserves in a particular state to

develop a scheme of full-time training similar to the Ready Reserve. It could be six months, nine months or 12 months where you do a whole block of training and skill acquisition, and then at the end of that you just go into the reserves. Do you find that an attractive proposition? Instead of being prescriptive and saying, 'We must reintroduce a ready reserve scheme,' there is flexibility in the recommendations so that you can take the good elements out of that scheme but develop something that will suit northern Queensland, something that will suit Western Australia and something that will suit Victoria?

Prof. Smith—Yes. I am not advocating that the old Ready Reserve be reintroduced exactly as it was. I think there is room for flexibility. For example, it might be more structured on battalions—this is for Army—rather than on a single brigade focused on Queensland, which would allow you to spread them throughout major population areas. But one beauty of the Ready Reserve was that everyone came in for full-time training at the same time of year, which actually caused problems for the trainers. But again there may be some flexibility in that, if you are talking about six months training—if that is considered adequate—maybe there will be two blocks per year each of six months. Again, if you are looking at tertiary students, students can now start and stop courses in the middle of the year. There is perhaps some flexibility there as well as the number of training days. When I talk about the Ready Reserve, it is really the concept of a lengthy period of full-time training comparable to, or exactly the same as the regulars, not six weeks. I do not think that is enough, frankly.

Mr PRICE—In Victoria, Brigadier Ball seems to have done a lot of targeting exactly that market to bolster his numbers and it seems to have paid off well but without being able to offer full-time training and what have you.

Prof. Smith—Yes, and all the conditions of service that the Ready Reserve had. That is another aspect that was important.

Mr PRICE—In the white paper, there is this statement about using the reserves and we are aware that they are being re-roled and retasked but there does not seem to be any extra investment to accomplish this. I am raising it because I think the last thing you want to do with the reserves is put out some brave new world statements and then be incapable of delivering them. I think they have been exposed to that just once too often. Would you agree with that? Have you been advised about what the new role or tasking of the reserves will be as a result of the white paper?

Prof. Smith—I have no idea. I suspect that there may be no clear agreement on what that should be.

Mr PRICE—The Reserve Association is delighted that we used slot theory in East Timor because it demonstrated that you can use reserves—and in numbers—but do you think it is a prudent approach to spend $500 million a year on the reserves and only use them to trickle down, as General Clunies-Ross said, or as slot theory for regulars?

Prof. Smith—No, I do not think that is the best use of reserves. I would much prefer a focus on being able to put formed units into actual operations such as maybe sending a battalion to East Timor. I think that could have been done under the old Ready Reserve system. Having said that, I think there will always be a place for reservists who can fill individual slots. You would

probably keep some kind of General Reserve for that purpose but much smaller in number than we have at the moment. You still need individual types like medicos and so on.

Mr PRICE—Yes, specialists and so on. That is fair enough.

Prof. Smith—But if we are talking about real army commitments, then I think you want to look at least at battalions, if not at a brigade.

Mr PRICE—You were talking about using money effectively. I have forgotten the figures but, if we close the undergraduate part of ADFA, I think there is a lazy $50 million we could find for other things. One of my colleagues tried to address the recruitment problem. As I understand it, ADFA take one in seven applicants. There seems to be no scheme for people in rural and regional Australia or in poorer urban areas that are really keen to become regulars or to join the reserves but their educational qualifications let them down. We have pre-apprenticeship courses that allow people who cannot successfully enter trades, for whatever reason, to be assisted into that. Has there ever been such a scheme, and do you see there being any merit in such a scheme, of people being able to undertake some study to lift their educational entry requirements—give them a helping hand?

Prof. Smith—Yes, I think the pre-apprentice schemes that you referred to would be a good example of that. I know the US forces have used literacy schemes for people who are reasonably bright but who have simply never learned to read for all sorts of social reasons. Yes, I think the Defence Force needs to look at that sort of thing. On the other hand, if it starts trying to remedy all the deficiencies of the education system, it has bitten off too much, so it would have to be targeted. That is probably a better way of spending money than a lot of expensive advertisements on television.

Mr PRICE—I noticed in the white paper—I referred to it a little earlier—that personnel costs are projected over the next 10 years to be two per cent less than the last 10 years. With all these problems of recruitment, isn't that going to pose a bit of a difficulty for the future?

Prof. Smith—I suppose one benefit of not recruiting people is that you do not have to pay them, so you save money that way. This is the key. But, no, I agree that with recruiting difficulties you have to spend more on recruiting. You are probably not going to get the highest quality people, which means they will be more expensive to train and larger drop-out rates from people who were not too sure about staying in the military anyway.

In general terms, I think the white paper glosses over the whole personnel problem for Defence. It talks about increasing the number of personnel without giving any indication of where they are coming from. It seems to be a stroke of the pen and, of course, doing that not long after the Chief of Defence Force announced a cut in numbers of 2,000 or 3,000 sends extraordinary messages to the community and to people thinking of joining the Defence Force. We are joining an organisation that does not know whether it is growing or shrinking, or wants to grow or wants to shrink. So, yes, I think some long-term planning is essential there. But there is a danger, as you say, that the white paper or whatever might set out some grand schemes for personnel and say, 'We are going to be nice to you, look after you and give you career management' and all that and then not be able to deliver.

Mr PRICE—Is there a litmus test that we should apply to the reserves? The report highlights hollowness, the $4.2 billion equipment cost, the morale issues because of those factors and the fact that they get little manoeuvre training. Some people suggest that we would be better off just wiping them out and using regulars. Personally, I think that is the wrong way to go, because the ADF needs to become even more dependent on the community for a whole variety of its requirements. What litmus test would you put down?

Prof. Smith—I certainly agree that you cannot do without reserves. You would not get enough regulars to do what you are looking at being able to do as well as losing the links with the community.

Mr PRICE—I think you are being proved right currently.

Prof. Smith—It is difficult to give a simple litmus test, such as being able to deploy a reservist in six months maximum—or three months even—because you will have some reservists who are ready to go. For example, if people were finishing a year of full-time training as a reservist at the end of last year and were asked, 'Do you want to go to Timor for six months?' I suspect that you would get quite a lot ready to go, and they would be more than ready having done 12 months full-time training. I do not think there is a single simple litmus test which says that this is an effective reserve force. There are a number of principles which would tell you whether or not you have a well trained, workable, effective and, all importantly, useable reserve force. We have had many reserves for 50 years but they have not been useable. They never have been used in any collective sense.

Mr PRICE—I guess I would be inclined to say the acid test is that they should be able to be used. For how long can governments of different persuasions avoid tackling the issue of the reserves? Historically we have done it for a good many years.

Prof. Smith—My first answer was going to be indefinitely. Governments have a great capacity to put things off. I would say probably longer than Sydney airport.

Mr PRICE—That is unkind. I will get on to trunks if you keep that up.

Prof. Smith—Yes, it is a problem. One of the difficulties is that we have a lot of good people in the General Reserve at the moment, but the whole thing is structured looking backwards to World War II and the large formations and to having a lot of people in high ranks. There is a lot of resistance to moving forward to smaller units that are more heavily trained and more focused. It is a political and social problem as much as a strategic and economic one.

CHAIR—Dr Smith, thank you very much for coming today. If we need any further information, the secretary will write to you. You will be sent a copy of the transcript of evidence to which you can make any corrections of grammar or fact. Again, thank you very much. We certainly appreciate your input.

Prof. Smith—Thank you for the opportunity.

Resolved (on motion by **Mr Price**, seconded by **Senator Bourne**):

That this subcommittee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

Subcommittee adjourned at 11.39 a.m.