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JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

(DEFENCE SUBCOMMITTEE)

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

WEDNESDAY, 23 FEBRUARY 2000

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JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

Defence Subcommittee

Wednesday, 23 February 2000

Members: Senator Ferguson *(Chair)*, Senators Bourne, Brownhill, Calvert, Chapman, Cook, Gibbs, Harradine, O'Brien, Payne, Quirke 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, Mr 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 Brownhill, Calvert, Ferguson, Gibbs, Quirke and Schacht and Fran Bailey, Mrs Crosio, Mr Laurie Ferguson, Mr Hollis, Mr Martin, Mr Snowdon, and Dr Southcott

Senators and members in attendance: Senators Ferguson and Gibbs and Mrs Crosio, Mr Laurie Ferguson, Mr Hawker, Mr Hollis and Mr Price

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:

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

WITNESSES

Subcommittee met at 10.04 a.m.

DIBB, Professor Paul, Head, Strategic and Defence Studies Centre, Research School of Pacific and Asian Studies, Australian National University

CHAIR—I declare open this public hearing of the Defence Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade. This is the fifth hearing in an inquiry presently being conducted by the Defence Subcommittee into the suitability of the Australian Army for peacetime, peacekeeping and war. The aim of the inquiry is to review the current status and proposed changes to Army to assess whether it provides viable and credible land forces able to meet the necessary range of contingencies.

Given the current strategic circumstances, it is important to determine whether the Australian Army is able to effectively contribute to operations that it may be called on to perform. In the course of the inquiry, the subcommittee will conduct a number of public hearings and receive evidence from government, individuals and various representative groups associated with defence. The committee hopes to be able to table its report on this reference towards the middle of the year.

On behalf of the subcommittee, I welcome Professor Dibb. 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, and the deliberate misleading of the subcommittee may be regarded as a contempt of the parliament. The subcommittee prefers that all evidence is 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. The subcommittee certainly appreciates the time that you have put aside to discuss the inquiry topic. Before we commence questions, would you like to raise any issues with an opening statement?

Prof. Dibb—Thank you. Yes, I would like to make an opening statement, with your indulgence.

CHAIR—Please proceed.

Prof. Dibb—Can I first of all apologise for not having made a written submission to your committee. We are an excessively small centre. We are four people, and yet we are the oldest established strategic and defence studies centre in the entire Asia-Pacific region. In the last two years, we have had our finances virtually cut in half. You have heard all this before, but life is difficult out there in academia. For our prestigious centre, it means that the pressures on our time are very harsh, so I give my apologies for the lack of a written submission.

The theme of what I want to put before the committee for your consideration – and I know you have had very many eminent witnesses – is that I believe the Army is suitable for peacekeeping and peace enforcement but, as the Army submission argues, it does indeed have very limited capabilities for war fighting, even at the lower end of the war fighting capability contingencies. That raises a key question, and I know some others have raised this: does there need to be a paradigm shift, a fundamental shift, in the ADF's force structure now in favour of the Army? My answer to that is no, but there are some issues for discussion about enhancing the Army. I want to address the following three basic defence policy issues. First, do we have the wrong strategic priorities for the Army? Second, is the Army correctly structured to meet credible threats to Australia and its vital interests? Third, does it have the right equipment?

First, I will give, if I may, some history from my perspective about the role and purpose of the Army. You will recognise that I am not a serving officer. I worked in the Department of Defence from 1970 to 1991, in the final years as Deputy Secretary, Strategy and Intelligence, responsible for intelligence and strategic assessments, chairing the Force Structure Committee in the days when civilians chaired that committee and exercising authority over what is called the pink book – a nice quaint term for the not yet approved capital equipment forward spending of about $15 billion a year, which is a non-trivial issue. Nothing I have to say in any shape or form is critical of the morale, history and capabilities of the Army and, in particular, the magnificent role they have played in East Timor. I want to put that on the record and then come to what I think is the critical purpose of this committee.

As you well know, from the time of about the turn of the century through to the Vietnam War, we basically had an army that was an expeditionary force. In the Boer War, the First World War, the Second World War, Korea, Vietnam, the Malayan emergency, Confrontation, we committed ourselves exceptionally well as a small, highly capable force. From the 1976 defence white paper, Malcolm Fraser's white paper, which I think was a seminal white paper and a fundamental turning point after the Vietnam War, we tried to determine a new role and purpose for the armed forces, including the Army. There was a much greater focus on self-reliance, not on self-sufficiency – no country can be self-sufficient other than America – and focusing for the first time in this nation's history on the unique demands of the defence of Australia. It took us about 10 years, I have to

say, from 1976 to 1986, when I brought my report down, to come to an agreed concept for the defence of Australia, which we had never come to before. We basically started with a clean sheet of paper. We had no model on which to work, and the Defence Force was not structured for the defence of Australia. It was not even positioned for the defence of Australia.

194

I remember in 1986 going to see the then Chief of the General Staff with a map, which many of you will have seen, of the hemisphere of the world centred on Darwin, which dramatically shows how the archipelago presses on Australia's vulnerable north, and saying to the then CGS, who is now a close friend of mine, 'General, we're going to have a brigade group in the Darwin area.' At that time, we had no forward position forces in the north of Australia. There were none, except for Townsville, which is hardly the north. It is the north-east and a bit south to be north. That was a radical change for the Army. To give the then CGS his credit, he immediately focused on moving the 2nd Cavalry Regiment out of Holsworthy. You now go to the Darwin area and see a brigade group there and, as far as I am concerned, if I have done nothing else in my career, I can physically see something that I did as a policy officer.

Whilst I have to say that there has, from time to time under different leaders, been resistance in Army to the idea of the defence of Australia, whether it likes it or not, Darwin as a forward operating base has been crucial to the success of the East Timor operation. Imagine if we had not done what we did in 1986 and we had no brigade group in the Darwin area. So 1986 was a fundamental turning point.

I know there is a great critique in the Army of the defence of Australia concept. For me, policy has gone too far in giving what was perceived in Army as too low a priority in the 1997 defence policy document, and I think that is a wrong statement of priorities. As a former CDF said to me very recently, Army must always understand that we have a great chunk of earth and few resources to defend it. Whilst Army may argue, as they do to you, that the defence of Australia is the least credible of the contingencies, I put it to you that any respectable sovereign nation must be able to demonstrate clearly and unalterably that we can defend our own continent, offshore resources and territories as a minimum.

It is all right to argue that it will never happen, but that is not a sufficient basis on which to risk manage the defence of this nation. But it is not to argue, as some in Army argue, that the sole purpose in the late 1980s was to have Army do nothing else but the defence of Australia. That was not the purpose. The purpose clearly – and I was the author of that policy – was to structure the Army, and indeed the rest of the Defence Force, in a disciplined way for those priorities. Then how the Defence Force was used was up to the government of the day, given that we would demand of the Defence Force range, endurance and sustainability for operations in the distant north and our maritime approaches. How governments then used that capability was up to governments of the day. As you know, we successfully deployed 1,200 troops to Somalia in the early 1990s.

I harp on that force structure issue because some in Army wilfully get it wrong. It was a force structuring determinant which certainly put some bounds on capabilities for Army's high intensity combat capability. I want to come back to high intensity combat because I think Army has that wrong. Structuring the force, as we did in the late 1980s, and building on the work out of the Fraser government's 1976 white paper were designed to give us a uniquely Australian capability and, if you like, to put a fence or discipline perimeter around those in the Defence Force who wanted us to structure the force around, for argument's sake, aircraft carrier battle groups, which would have totally consumed the Defence Force. That was a real issue at that time. Unless you put those sorts of disciplines around, whether it is Army, Navy or Air Force, you will have the single service chiefs bidding for the absolute maximum of capabilities rather than the credible strategic capabilities.

I mentioned the 1997 defence document. You will remember the four force structure priorities in that document. The first one, let me remind you, is what is called the 'knowledge edge' – intelligence surveillance, command and control, and communications. I agree with that. The second priority was forces for operations in the sea-air gap, what is called maritime operations, meaning not just Navy but Air Force over sea. I would have a different opinion on that in that I do not think we can put all our eggs into the Air Force and air strike basket, although we must have a credible strike deterrent. Nor do I agree that surface combatants are vulnerable in all circumstances. In our particular region and neighbourhood, they are not, and they have a role and purpose that Air Force cannot uniquely perform. The third priority you will recall is strike. It is a matter of debate whether it should be at that level of priority. Strike whom, with what, and for what purpose? That is the question. The fourth priority in the 1997 defence policy document was the land force. There lies the rub. It is no critique of the way that document was developed at that time for me to say that I would have had a different approach to that. I think that has laid the foundation of Army's resentment of where it believes it now is.

There is much in the Army's submission about hollowness, about problems of readiness and sustainability and about problems with the role of the reserves that I agree with. I am not going to go over that with you. There is, however, as in any traditional and conservative organisation, some resistance to change. I remember

in 1986 wanting to recommend that we dismantle the division structure of the Army. There was no way Army would contemplate that at all. The division was absolutely sacrosanct, particularly 1 Division. It was the Holy Grail. Of late, they have moved away from a divisional structure to a brigade structure, but we wasted time between 1986 and quite recently to bring that about.

195

The second area of resistance – and I know Army will have a different view from me on this – is the role of tanks. In the defence of Australia, what purpose do tanks serve? Where are we going to use them overseas and against whose capabilities? There was a similar debate and a resistant debate in the late 1980s and early 1990s in the Force Structure Review, which I co-chaired with the then Vice-Chief of the Defence Force when Senator Robert Ray was defence minister. It was a debate about wheels versus tracks, and there was an enormous resistance to any idea that wheels would be any use, yet the ASLAVs now are a central part of Army. Army has more than accepted them and is ordering more.

Finally – and this is my introduction, but I want to go on to some other points – I think that, no matter what the Regular Army argues, there has been, in my experience at least, always a qualified attitude to the reserves out of the regular force. They talk about the total force, but when you get into army officers' messes over a few drinks the attitudes to the reserves are clear, and in my view they are not acceptable. But I do endorse what is in the Army's submission before you about what they now accept and see as a future central role of the reserves, so I do not want to dwell on history.

I want to move on to the question of strategic priorities, if I may. I want to quote some words from the *Australian* over the weekend, which quoted Lieutenant General John Sanderson before this committee. The newspaper report said:

Political leaders must tackle serious weaknesses in Defence strategy instead of concentrating on efficiency ... The failure of Australian strategic planning meant the army could not take part in land operations against a well-equipped and heavily armed military force, Major General Sanderson said.

The Australian Army lacked the firepower and protection to manoeuvre against well-equipped modern forces, he said.

Frankly, I reject that analysis. What well-equipped and heavily armed military force are we going to be fighting with the Australian Army? Is this war on the Korean Peninsula, which some in Army have actively planned for? A former CDF said to me, 'An Australian ground force contribution on the Korean Peninsula would be an absolute embarrassment to the Americans.' Given the size of the American force – 27,000 in Korea – and the size of the South Korean force – which I do not hold in my mind, but let us call it half a million –the fact is that, for instance, Leopard tanks would be an orphan on that battlefield and totally incompatible logistically with what the Americans or the South Koreans have. If the general is talking about other heavily armed and well-equipped forces, just who are they? Let us not generalise. Let us, either in an open or closed session, talk about this. I am willing to talk in closed session about some of those issues. Does he mean fighting the Chinese in Taiwan – big boy's stuff, General? If it is not those sorts of forces, who are these heavily equipped modern combat forces that credibly Australia is going to be fighting? I put it to you that there is none.

That is not to argue that the Army is wrong in its submission about being equipped for low level stuff like peacekeeping, peace enforcement and low level war fighting, but it should have a capability for what it calls medium level, medium intensity conflict. The Army is right, but there is a lot of difference in force structure, preparedness and equipment between being prepared, for instance, up to the level of medium intensity, and being prepared to fight a well-equipped, heavily armed military force.

The relevant strategic role for the Army – and I think the Army is right in this regard – is not just the defence of Australia. Strategic circumstances have moved on, although Army must be made always to take the defence of Australia seriously. But, for me, what the Army calls the inner arc – that is, the archipelago that extends from Indonesia, through Papua New Guinea and the islands to our east – is seamless now with the defence of Australia.

In that sense, I can agree with Army's interpretation of what it calls 'manoeuvre operations in a littoral environment'. I have difficulty with that phrase, as I am sure you do. As a non-military person, it is difficult to comprehend. What do they mean by 'manoeuvre'? But we certainly know what they mean by 'littoral environment'. It is the archipelago to our north. That does have implications for army capabilities: amphibious, mobility and air power. If Army came out clearly and said its primary concern was not high intensity conflict but credible operations in the inner arc as well as the defence of Australia, then I put it to you that we should support that. But dreaming about the Korean Peninsula, the Taiwan Straits and frankly any army operations north of the archipelago that are not coalition operations is a wrong concept.

You will note that there is some tension in the Army's submission. Page ii says:

Defeating attacks on Australia is Army's core task and primary force structure priority.

Page 9 says:

The maritime concept determines the Defence Force's force structure.

196

There is a tension in those two interpretations, and it needs clarification. There are some references which I do not want to take out of context but which I think are unfortunate in the Army submission – such phrases as 'total war' on page 7. It says that Army must be capable of a range of potential operations throughout the spectrum extending from the extremes of peace and total war. We are not going to be involved in 'total war', no matter how you interpret that phrase. The words 'high intensity conflict' appear at least three times, on page iv and pages 14 and 16, and the concept – which, to be fair, is described as 'remote' but nevertheless is there – of general war is on page 24, as is the concept of facing massed conventional forces. Whose massed conventional forces? Let us have those countries out on the table in private submission to this committee, as distinct from faffing around about general strategic flim-flam, which is what we are hearing from some quarters.

You have heard me say that the concept of operating in the littoral environment, the archipelago to our north, is a correct strategic concept and should be proclaimed as being at the heart of Army's force structure and preparedness. I do not want to nitpick, but there are some concepts within that idea that appear in Army's priorities which deal with the ideas of seizing forward operating bases and ejecting an adversary from forward operating bases. What do we mean by that?

Darwin was a forward operating base, as I have argued earlier with you, for our operations in East Timor. That is why it was crucial that we built up that brigade group from the late 1980s. I can certainly imagine situations where, if a foreign force were lodged in the archipelago to our north, it would be crucial for us to dislodge them. Whether you would use the Army, whether you would use strike and/or whether you would cut off lines of communication by sea is a matter of judgment. But the idea of seizing an adversary's forward operating base needs clarification, particularly if 'a heavily armed force' – to quote General Sanderson – was lodged in the archipelago. What size force does the Australian Army want then to dislodge a forward operating base?

In 1985, the Army's red book – which the current generation of Army officers have forgotten all about, but I have not – said that, to dislodge an enemy division group of about 20,000 that had lodged in the north of Australia, the Army would need to expand to 270,000 troops. I am not arguing that that is the way Army is thinking at present, but I hear that there are some in Army right now building on the success of East Timor who are thinking of asking the government to double the size of the Army from 23,000 to 46,000 and from four battalions to 13 battalions. If that is the case, you need to think very carefully about what that means for the force structure of the rest of the Defence Force. Are we going to structure the Defence Force for peacekeeping, peace enforcement and Army operations in the archipelago? Are we going to strip the Air Force and the Navy? Unless governments spend more on defence, I can tell you that an increase of that magnitude for Army would mean precisely decimating the rest of the Defence Force.

Secondly, is the Army correctly structured? You have heard me argue that the move from divisions to brigades was tardy, but it has occurred, and I applaud what Army is doing. I am no expert on the great detail of Army's force structure, but from my experience of working in Defence and reading the Army's submission the sort of mix of capabilities that Army has – for instance, with 1 Brigade at the heavier end, with the rapid deployment force and with the build-up of both the parachute and commando capability as well as special forces – one has to endorse them. But, as they argue, and I agree, we are thin on sustainability. You saw what we had to do to sustain effectively three regular battalions in Timor. If we had had another regional contingency at the same time – and one cannot discount, and Army does not discount, two regional contingencies happening simultaneously – what would we have done?

If you want an example which is not theoretical, what would we have done if Port Moresby had erupted, the Papua New Guinea Defence Force was rioting in the streets and we wanted to evacuate out of Papua New Guinea as a whole 15,000 Australians with a services protected evacuation? We would have been in a very difficult corner. In my time as deputy secretary of Defence, in addition to the Fiji operation in 1987, we were on stand-by for military operations in the South Pacific, including Papua New Guinea, on at least three other occasions in a matter of about four years. Do not tell me these are not credible threats; they are. My argument is: can we sustain a deployment for two regional contingencies simultaneously? The answer at present is no, and the Army is right.

As to the structure of the combat force, the government is seeking through the billion dollar savings out of the Defence Efficiency Review to get more into the combat end. I think that is absolutely vital, and I think the ratios of combat to support troops are wrong in the Army. That is not only my view. You will find the ratios at

present or until recently have been 65 per cent support, training and enabling forces and 35 per cent actual combat forces. I put it to you that those ratios need to be reversed. That means having a much greater reliability in the logistics and support area on non-army capabilities, contracting out the civilian sector. Maybe I am being unfair in this regard, but I detect that there is a sentiment that creeps through in the Army's submission that is reluctant about a significant reliance on civilian support. Reluctant or not, they have two choices: they either get 65 per cent into the combat force, or they are going to suffer the hollowing out they now have.

197

Other countries are increasingly relying upon the civilian national infrastructure. And, by the way – particularly for the defence of Australia and close-in areas like the archipelago – what is wrong with depending upon the national infrastructure? When the Americans deployed to the Gulf War, they used the National Guard to fly combat aircraft and yet our Air Force hardly contemplates reserves flying its precious combat aircraft. We have an air force that at present, for instance, will not contemplate civilians maintaining combat aircraft in the north of Australia. That is ridiculous. I am not arguing that the Army is going down that route, but the Army has to accept that it has to get more into the combat end. Let me give you an example from another country. I recognise that examples from other countries are always dangerous, and I would be the first to say that you cannot draw the parallels, but this one happens to be in front of me. The Netherlands, a country of 15 million which spends $US6.2 billion a year on defence – our expenditure is about $7 billion – is restructuring its force to have a more deployable, combat capable army with a second amphibious transport vessel and more light utility helicopters, and it plans to field 24 battalions to multinational, NATO, United Nations and European Union peacekeeping missions. If they do that, and I am not aware of the details, that would be impressive. That would give you a combat force for a country that is not dissimilar from ours of nearly 20,000 combat troops. If the Netherlands can do that, why can't we, you will ask.

The downside, and there is always a downside in defence policy, is that the Netherlands – in order to do that in a steady state budget with no increase – is having to do the following: sell off 136 Leopard 2 tanks – a big tick from my point of view; sell off two frigates – no; sell off three minesweepers – no; and sell off two Orion patrol aircraft and possibly a squadron of F16s – absolutely not for us. We are not the Netherlands and we are not protected by NATO. We have the US alliance but, as we saw in Timor, the cavalry may or may not come over the hill. It would come over the hill if we faced a major threat from a well-armed heavy combat force. But, short of that, the Americans increasingly expect us to be able to defend ourselves. What the ADF calls a balanced force, which does not mean equal priorities for everybody but does mean that you need a potent air force and navy, means that we cannot go down that Netherlands route. I draw the Netherlands example to your attention because they are clearly going down a much higher percentage of combat capabilities.

Do we have the right equipment? In my experience, successive Australian governments have found it very difficult to take anything out of the force structure as distinct from adding things into the force structure. There are strong vested interests and worries about the future that I recognise in taking anything out of the force structure. I think, historically, we have done one major piece of surgery on the ADF and that was getting rid of the aircraft carrier *Melbourne* capability and the Fleet Air Arm. You will recall that that was a nasty and bloody debate. The repercussions of that in the Navy went on for a long time. They are over it now. My view is that you need to look seriously at the role of the tanks. The Army will say I am biased on that. I want to hear where, when and how they are going to use them and against whom, including overseas. As to the rest of the Army's capabilities, the Army submission is entirely correct to argue that their kit is ageing, becoming obsolescent. We are having to upgrade the M113s. I forget how old they are but they are pre Vietnam War.

The same applies to a lot of other equipment. We are modernising communications equipment, including the RAVEN combat radio which I endorsed as chairman of the force structure committee, more capable artillery and so on. If you look at air defence weapons, or some of the other equipment, particularly air lift, they are old. I think my recommendation would be to you that Army's deficiencies in mobility, and particularly air mobility, are a serious issue. Army, according to its own judgments, only has the capability with helicopters for what is called a company group lift. I think that is about 120 people. In 1986, I recommended that Army have two company group lift helicopters. Fourteen years later, where are we? We are no better off.

The question will be asked, 'Do we need more air lift in terms of fixed wing?' There are arguments for that, particularly with regard to our experience in Timor. But certainly in the helicopter capability, both lift and fire support, I endorse Army's concerns about their vulnerabilities in that regard. However, that is not an argument for hard target kill, tank busting helicopters, with missiles with a range of seven kilometres, which is what is in the current request for proposals on what is called Air 87 Helicopters for Army. That proposal began life in my time as deputy secretary as a reconnaissance and troop lift helicopter – and we are demonstrably short on troop lift – and we have now jumped that concept to reconnaissance and heavy fire support. Let me quote for you

from the RFP – Request for Proposal. It says that the new helicopter will have an air-to-ground missile capability against hard target kills of seven kilometres and will have the possibility of adding to it an air-to-air missile capability. The question needs to be asked: hard target kill against what and where? Remember, we are back to that question and maybe, again in private submission, we need to discuss that.

Finally – and I am about to finish you will be glad to know, Mr Chairman – a few words about the future of our force and the defence budget. This is a high policy issue that has consumed the public debate, press, media and parliament for most of the last year. I think the government is quite right to call for a public submission discussion paper out of the department and public submissions as a precursor to the new defence white paper. But it seems to me that our debate at present is adrift and it is all over the place. There are some in government apparently who believe that submarines and AEW&C aircraft are a waste of time – oh really! We're going to leave ourselves that vulnerable, are we?

198

Some of this I think is just part of the debate and, naturally, asking difficult questions which should be asked. It seems to me that governments in this country now face three options: the first one is to structure the Defence Force, including the Army, for peacekeeping and peace enforcement. It is what I call the New Zealand model – or, increasingly, the Canadian model. I know some of you will disagree with what I am about to say, but New Zealand, basically from a defence point of view, is into what is called the flat-earth policy. It does not have a schmick of an idea about what its real responsibilities are and should be. From my point of view, the way New Zealand is going, it is becoming increasingly a strategic liability to Australia, not a cooperative ally.

I say that, having noted very positively that the New Zealand government made a major contribution to the East Timor operation – a very major one. I endorse that and give them a big tick. That is not what I am talking about. I am talking about New Zealand stripping away its capabilities for other than peacekeeping. Australia is not New Zealand; they do not have an archipelago 35 minutes away by F16 to the nearest Australian airfield. They do not have an archipelago with 200-odd million people sitting on our northern approaches. New Zealand is essentially protected by Australia and its environment is a bunch of small Pacific Islands. Neither does New Zealand have the responsibilities I believe we have to stability in South-East Asia in the same way. So I am against structuring the force for peacekeeping and peace enforcement. As Army argues – and I agree with them – it would be entirely wrong to structure the Army for that because they would not then have the embedded capability for real war fighting, even in my context of up to mid-intensity conflict. So, no New Zealand-Canadian model. The attraction, of course, to governments is, 'You can do defence on the cheap like that, can't you?'

The other extreme – and it is an extreme – is expeditionary forces for geographically remote contingencies to meet – to quote General Sanderson – 'a well equipped and heavily armed military force'; for which read, war, total war on the Korean Peninsula, and probably in some people's minds, war across the Taiwan Straits with the People's Republic of China, God bless us all. Now, I am not saying there is anybody in this government or the alternative government, to my knowledge, who thinks like that, although Army has tickled around with the idea of the Korean contingency. By the way, on Korea, we would make a contribution – make no mistake about that – but it sure as hell would not be Army, I have got to tell you that. It would be something else, wouldn't it? I will leave Taiwan to one side, if you don't mind. That would be an expeditionary force for high intensity coalition operations with our great and powerful ally.

That is what the United Kingdom is about; the Brits have restructured away from fighting the former Soviet Union in Central Europe. They have an expeditionary force capacity; they are going to have two new aircraft carrier battle groups; they are going to have more strike in their air force; and their army will be structured for mid-intensity conflict at distance from Britain – the equivalent of us operating up in north Asia. How much does Britain spend on defence? Two point eight per cent of GDP. How much do we spend on defence? One point eight per cent of GDP. What is the difference between 1.8 and 2.8, Mr Costello? It is one per cent of GDP, isn't it? Six thousand million dollars a year extra; a 50 per cent plus increase in our defence budget. Who believes that any government, this lot or the alternative lot, are going to do that? Do you? No. Do I? No. So let's rule that one out. So we rule out peacekeeping and we rule out expeditionary forces for high intensity.

The credible one is to structure this nation's Defence Force for the defence of Australia and the archipelago to our north; in credible levels of threat that could be as high as medium intensity conflict, but not high intensity; and where, in coalition operations, we would make a major contribution to stability elsewhere in South-East Asia. But in North East Asia – Korea, Taiwan, or elsewhere – we would make no more than a token contribution, or if you do not like that word, a modest contribution, that is, some F111s and some F18s, if they were equipped with the right electronic warfare self-protection and the right stand-off missiles.

These are the choices I believe facing the government and the white paper. It is going to be enormously difficult within the current defence budget, given even the sorts of savings that I believe are being made, and

under Dr Allan Hawke's directorship - more savings will be made. But essentially we are talking about a step-wise function that will be different in the Defence Force, because if we continue to spend only what we now spend on defence – and I know it is a lot of money, but it is only 1.8 per cent of GDP – as Paul Kelly argued in today's *Australian*, that is the lowest percentage since 1938, an ominous year.

If we continue to have no real increases as, under successive governments, we have not had for 12 years, and if personnel costs continue to increase by two per cent per annum, which they do, and if operating costs continue to increase by three per cent per annum, which they do - you all know your compound interest rates – two and three per cent increases over a 10- or 12-year period become very substantial. If you extrapolate out from a fixed defence budget in real terms, net of inflation, two per cent per annum increases in personnel costs and three per cent per annum increases in operating costs, guess what? By the year 2014, the Australian Defence Force will be able to afford personnel and operating costs and nothing else – end of day, close down. Thank you.

199

CHAIR—Thank you very much, Professor Dibb, for a very comprehensive and provocative submission. I pick you up on one point. I do not quite know why you would have thought that members of this committee would be agreeing with the New Zealand approach. You certainly raise a lot of issues, but I would like to come back to one of your earlier points on the question of the reserves. General Sanderson, who seems to have featured already, did make a fairly straightforward statement about the Army Reserve when he said:

The Army Reserve is simply not trained enough, fit enough nor of sufficient strength to make a worthwhile contribution to Australia's defence.

He then went on to argue strongly for the reintroduction of the Ready Reserve. I was wondering what your response is to those two points.

Prof. Dibb—I think you are going to have a submission from an eminent person from the reserves.

CHAIR—Yes.

Prof. Dibb—A number of us – Professor Tom Millar originally on his inquiry into what was then the Citizen Military Force, my own Defence Capabilities Review in 1986, Alan Wrigley's report on the Defence Force and the community in 1990 and others – have all argued that we need a much greater role for the reserves. We need to stop mouthing the concept of a total force and, in fact, stop having an Army that thinks of itself as a first and a second eleven. But to do that I think – and here I agree with General Sanderson – we need a reserve force that is given the right training, the right employer protection, which successive governments haven't, and, crucially, the right change in the Defence Act 1903, which we have all criticised, that will allow us to call out the reserves, short of a national emergency, and deploy them overseas without them volunteering. Declaring a national emergency in any case is giving the advantage to the enemy. We have all argued this – Millar, Dibb, Wrigley and others – for decades, and we have got nowhere.

I think Sanderson is right. I am not expert on the details of reserves' preparedness and training. Let me use my words carefully: it was a great pity that the government so pre-emptively got rid of the Ready Reserves. When the idea came out of General Peter Gration and Lieutenant General John Coates, professional Army officers, it was not some political concoction of the previous government. If we had had, for instance, two Ready Reserve battalions, we would have been in a lot better position with the East Timor operation than the scrambling together we had to do and the raiding of the latent combat force that has now occurred and has hollowed us out further.

So I think a new role for the reserves, including changing the defence legislation, which I understand this government and Minister John Moore is very keen to do, doing something about employer/employee protection – which you would know more about than I – and doing something about the equipment and training of the reserves is to be totally endorsed. To be fair to Army's submission, they argue that centrally.

They have now come to the recognition, have they not, that without a competent reserve capability, with real combat capacity, they are very hollowed out. Army will immediately tell me, and they will be right, that that is going to cost money. In a steady state defence budget, where does extra money come from? Where do you strip it from to increase the Army Reserves? Does it come out of Air Force, Navy or somewhere else?

CHAIR—I know all the members of the committee are keen to ask questions, so I will share them around.

Mrs CROSIO—Thank you, Professor Dibb, for your report. Looking at the structure of Army, how do you find that they are handling the recent advances in information technology?

Prof. Dibb—You would have to ask somebody more expert than I. But my impression is that, throughout the ADF, they are handling it well in the sense that they know that for a small force, which we will always be, we can never afford to lose many people or platforms in combat. The way for us to have a technological edge

over the region, which has been fundamental to our policy since at least the late 1970s in my experience, is to have what is now fashionably called the knowledge edge. That goes under this dreadful acronym these days of C4ISREW, and I can see you are all indoctrinated in that dreadful acronym.

Having a leading edge in intelligence and surveillance will be an important force multiplier for this country, whether it is for the Army or for the other two forces. By the way, that is where the American alliance is absolutely central. Make no mistake about that. That is why we will have a capability that New Zealand, which is now out of the alliance, will not have.

200

There are probably questions in your mind that I probably cannot answer, because I am out of the detailed loop these days, about the sort of money that is being spent on command and control, battlefield communications and will we ever get there. Will we ever have an ADF real-time command and control capability as distinct from chopping and changing? Of course, the problem is the technology is changing at a hell of a rate. But there are some serious questions about ramming through an ADF command and control capacity.

In some other areas we have had difficulties. I personally stopped the RAVEN combat radio at $760 million when I discovered that the batteries were going to cost another $100 million, and it went to an additional capability called Speakeasy, another radio. I hear – and there are experts here who would know this better than I – that the battlefield command and control laptop display system that has been deployed in East Timor worked very well. Army is keen to continue and to upgrade that capacity.

As usual, there is a good story and the bad. But we have to be careful in the knowledge edge and in the so-called revolution in military affairs – about which the government is, I hope, soon going to produce a public discussion paper – not to ape the United States or even Britain. For high-tech capabilities, including the RMA, we must always have capacities that are scaled and affordable for Australia. Increasingly we are going to find, for instance, interoperability with the United States more difficult and more challenging, and we will have to cut our cloth to be interoperable in particular areas, but not all areas.

Mrs CROSIO—Where will we acquire our information? If we are looking at cutting our cloth, where are we going to get the information from?

Prof. Dibb—With the information, including intelligence, if that is what you are referring to, there should be no cuts there. That is the secret of the US alliance and the fact that we are a member of the inner alliance, stemming from the Second World War, and I think you all understand what I am saying there. I like to say, as I did at a meeting that John Baker and I went to at Harvard University last week, that Japan may be America's most important ally in the Asia-Pacific; Australia is America's closest ally. I think you know what I am saying. Therefore, we should not in any way become less dependent on the Americans in terms of intelligence, but we should build up our own capabilities, which we do through organisations like the Defence Signals Directorate.

Mrs CROSIO—I am mindful of the time, Mr Chairman. I have got pages of questions. I am just wondering whether Professor Dibb can come back.

CHAIR—I am trying to spread it around. I now call Senator Ferguson.

Senator FERGUSON—I just want to make sure that I have written down correctly a couple of statements that you said. I think you said that we have 'unique demands for the defence of Australia'. Also, you said, 'We must be able to defend our country and offshore facilities as a basic starting point.' Would that accurately reflect what you said?

Prof. Dibb—Yes.

Senator FERGUSON—Having listened to your criticism of some of the contents of General Sanderson's evidence last Friday, we need to be able to defend our country against whom?

Prof. Dibb—There are two answers to that question. Defence, unlike other areas of public policy such as health or education, has to work in time frames of typically 15 years. The kit we are buying now will take 10 years to acquire and deliver, and then we will be in the order of battle for between 30 and 40 years. As prescient as I am about the strategic environment, I cannot predict with total certainty at all what sorts of things might unfold. Let me put it to you that – as the Prime Minister has argued, and I agree with him – Australia's strategic environment is now more volatile. What I am about to say is not – I emphasise 'not' – to think about any particular country as a threat, but the inner arc to our north, extending from Indonesia through Papua New Guinea and the islands of the South Pacific, is now a highly uncertain, volatile situation as a result of which we could be faced with certain contingencies. I am willing to go into private submission on contingencies that I am talking about to do with the inner arc, but I do not want to articulate that in public.

CHAIR—We will see whether we have time. I am sure there are other questions we would like to get across first.

Senator FERGUSON—Maybe at the end.

Mr PRICE—We may have a session after this one in the future.

CHAIR—Another time, yes.

Prof. Dibb—It is not only the inner arc. The future of South-East Asia and of ASEAN, as a strategic shield to our northern approaches, is now very uncertain. ASEAN in my view is now a weak, dispirited, introverted group of countries which are now more vulnerable to penetration by potentially hostile major powers. You are going to ask me which ones, aren't you? I am going to talk about that in private. The balance of power in our region is now fundamentally changing. China is rising to power as the natural dominant power in the region. Frankly, the jury is out as to whether China is going to be a cooperative, friendly member of the international community or a potentially expansionist, aggressive power confronting our ally, the United States. There are other fundamental questions surrounding the future of India and nuclear weapons and indeed the future of the American military presence in the north of the region.

201

Senator FERGUSON—The reason I asked the question is that, if you are going to be critical of General Sanderson and his approach about strong total warfare or suggest areas that in fact could be a threat under his scenario, you have to allow him the same time span of 15 years as well. Who knows what might happen in that period of time? I hope you can understand where I am coming from. If General Sanderson's view is going to be constrained to the near future or criticism of his opinion is constrained to that, if you are talking about the defence of Australia, if you want a longer time frame and if you want to know where that threat might come from, it might require significant changes in our attitude towards both defence expenditure and/or defence strategy and structure.

Prof. Dibb—True, but I think where the General and I part company is where he says – and I repeat his words – 'we could not take part in land operations against a well-equipped and heavily armed military force.' Even over a 10- to 15-year time frame, that would presuppose a putative enemy invading Australia. Well, who? That has happened once in our history, and it actually did not occur. Japan knocked on the door but did not make it.

I put it to you that we would see such an almighty shift in the balance of power in the region and the rise of a heavily armed aggressive power that could not escape either our political analysis or crucially - with our American friends - our capacity to look, count, measure and listen about the capabilities of a foreign power that would in any case threaten not only us. I put it to you that facing a well-equipped, heavily armed military force is not a credible contingency now or foreseeably. There I differ with General Sanderson.

Senator FERGUSON—I look forward to a private session where we can expand on the argument, because I think it would be pointless talking around in circles without getting down to some details.

Prof. Dibb—Yes.

Mr PRICE—You made some favourable comments about some changes in the reserve. You also pointed out that we could not use them when it counted most in East Timor. Aren't we faced with a choice in terms of increasing reserve readiness, putting a lot more investment into training, employer packages and equipment for our reserve, with the trade-off really being fewer people in the reserve? Do you agree with that? What is your view about the way ahead?

Prof. Dibb—Again, I am not an expert on the details of reserve structure. But unless there is going to be a very significant increase in the defence budget within the next two or three years – which is a big 'if' – then we have to be able to cut our force structure cloth. In terms of the reserve, I agree with the Army submission. As I have said, there needs to be a much greater role for the reserve, not just in the enabling force, but the defence of Australia and potential operations in the archipelago – such as we have had in Timor – without them having just to volunteer and without us, for instance, declaring a state of emergency. I think you are probably right; it probably does mean a smaller number, but a much more ready, well-trained and well-equipped Ready Reserve. If the government does not like the words 'Ready Reserve', call it something else. I do not care what one calls it, but I think the idea is correct. I have said in that instance that it is an area where I agree with General Sanderson.

Mr PRICE—When you talk about a ready and deployable reserve, are we talking about a revamped Ready Reserve scheme or an updated Ready Reserve scheme? Don't we have to throw out the 365-day readiness for the General Reserve – isn't that just a nonsense – and come down to a much shorter time frame in which they can be utilised? Otherwise they will just be a phantom Army that is always there, and you can abuse them.

Prof. Dibb—The second XI. Yes, I think that is right. If we just do that – and I would be interested to hear what the Army Reserve submission says – it will perpetuate (a) low levels of readiness and hollowness, and (b) it will perpetuate this unacceptable first XI and second XI attitude by the Army. I think our strategic circumstances – and you have heard me articulate this before – are such that it is not incredible that in the shorter term, never mind the longer term, we could face the possibility of two significant regional contingencies simultaneously. We cannot control events. I go back to the issue – what would we have done as we deployed most of our Army to East Timor, if a contingency had broken out in Papua New Guinea, the Solomon Islands or Vanuatu?

Mr PRICE—Can I just ask you, because I think it is a really important point: how many troops do you believe we need to have available for deployment? We have 5,500 in East Timor.

202

Prof. Dibb—I think if you had two more battalions of the Ready Reserve, that would substantially improve the situation. If Army moves towards its figure of 15,000 in the combat force – and you have heard me argue that the evidence I have before me is that a country like the Netherlands is going towards almost 20,000 in the combat force – that would be the sort of thing to aim for. Army may well have to – and this is not only my view; it is the view of some other former senior military officers – take some considerable pain, as they would see it, about contracting out the support and logistic force.

Mr PRICE—In force structure terms, how do we determine whether we need a full-time unit, a part-time unit on low call-out and a part-time unit on a longer call-out? How is that determined?

Prof. Dibb—With great difficulty. It is a complex question. There are two crucial defence policy questions facing any government. The first one – and these are traditional questions – is: how much is enough? And we have been talking about that. Clearly, General Sanderson and I, for instance, have some differences of view on that. But the question is: how much is enough and how do you structure the force? Do you give more capability to Army and then, with a steady state budget, strip away some of the Air Force and Navy? My answer to that is no, you don't.

The second policy guideline for any government is risk management. I know there are some implications in the Army submission that they do not like that idea. Well, I have got news for them: that is what government is about. You cannot have an open-ended Treasury approach to the defence budget. Any government is going to have to assess risk management. To answer the senator's point of view: do we structure for the wholly unlikely situation of a massed invasion of Australia? Demonstrably not; that would be foolish and a waste of the taxpayers' money. It is a risk judgment based on crucial, high quality intelligence assessments.

But there has to be prudence about having an insurance policy. Army elsewhere argues: why do we structure for a maritime capability that emphasises Air Force and Navy when, for instance, we have never used – I think I am right – a combat plane in anger since the Vietnam War? We may not have lost a combat pilot, certainly in fixed-wing aircraft – and I could be corrected on this – since the Korean War. That is not the argument.

The reason we have F111s as the most potent stand-off capability in this region, anywhere between Australia and mainland China, is a clear and outward visible sign of a potent deterrent capacity; and these are the things that come into the issue, for instance, of your question about the reserves. The answer is: governments have to make judgments as to where the risk management lies between peacekeeping at one end and, you will recall, expeditionary forces for General Sanderson's high intensity conflict at the other extreme. And they have to make judgements about readiness. There is a highly classified document, which I am not going to discuss, called the Chief of Defences Force's *Readiness Document*, and that is where the answer to your question lies: at what states of readiness do we have what numbers of regular and reserve forces?

Mr PRICE—Just to change a little bit, I notice that in your contribution you did not mention the restructuring of the Army concept. You suggested that Army had rid itself of the divisional structure, but aren't there still remnants of it left? Do you see the conclusion of the trialing of the concepts of restructuring of the Army providing a step function in terms of force structure and organisation?

Prof. Dibb—I think the division will live on philosophically for some time yet, but I think there is a younger generation of soldiers who understand that the brigade and the brigade group is the way to structure a defence force the size of Australia's. You will recall that having the divisional structure was always something of myth. We had one division which was deeply entrenched in our history, and a glorious history at that, but we had problems conceiving of how we would sustain and fight with that, and we had a phantom division called 2nd Division, which was going to be largely a reserve division. By the way, your implied criticism is well taken. I have to say my experience in the late 1980s and early 1990s is that the divisional structure and the role of the division consumed the Army in a way it should have not.

They have moved on. I think it was a pity that Army jumped on – and I use the word advisedly – the Army 21 concepts at the speed they did. That was seven regular independent brigades and a similar number, I think, of independent reserve brigades – I stand corrected on the numbers – essentially focused around the defence of Australia. But then that would give you a capability for offshore operations.

We can argue that the numbers were too high and not sustainable, but the speed with which Army junked that, I have to say, is a reflection, from my personal point of view, of the fact that Army has never been totally comfortable with the idea of the defence of Australia for the reasons I mentioned earlier. Army is totally and utterly wrong when they say that in the late 1980s, we said that – and you will recall that I drafted the 1987 white paper – we would only structure for low level contingencies. No, we did not say that. Why don't they read the document carefully? It talked about low level, it talked about escalation, and the 1987 white paper said that, at the higher end of the contingency spectrum, we recognised that a regional country might want to escalate to the full capability of its order of battle. Isn't that sufficient? The answer to that is, yes.

203

Senator GIBBS—Professor, you spoke about equipment and how we need to modernise it. It seems to me that it takes so long to make decisions about new equipment but, not only that, we seem to buy other people's cast-offs and junk and then we spend millions and millions of dollars modernising it, or bringing it up to scratch as far as we can. Is there some way we can get around this? Are there people making wrong decisions? Who should make these decisions? Shouldn't they be made quicker? Twenty years to decide on something is half a lifetime for some people. What are your comments on that?

Prof. Dibb—It is a very good question, if I might say so, and let me hasten to say that, in my time as deputy secretary, we, of course, did not buy junk.

Mr PRICE—It was only before and after.

Prof. Dibb—It was only before and after.

Senator GIBBS—I am pleased to hear it.

Prof. Dibb—You are very insightful, Mr Price. There is an issue that Minister Moore has fingered, as you know, and has been quite harsh about, including having the heads of a secretary and a deputy secretary, and that is, can we shorten the acquisition decision cycle? Typically, from an idea in the mind of a single service, through to acquisition and delivery of the kit might be seven, eight or more years. Then we are expected to keep that equipment in the order of battle for, typically, 30 or more years and go through several upgrades. There is some fashionable criticism of late that we should not build equipment in Australia. I have to go on the public record as saying that, whilst there are problems, for instance, with some of the equipment we have bought, like the submarines, the criticism has been over the top. I am aware of the operational parameters of the submarines and they are impressive in capabilities that are of interest to me. It does not mean to say there are not problems to be fixed and there are not lessons to be learnt – there are, and the government is right to focus on those.

I think, Senator, you are talking more about some of the second-hand equipment we have bought, like the amphibious ships which we bought, I think, for about $80 million and it is now costing $400 million to fix them up. Yet we go through that experience and now we are sort of contemplating, I hear on good authority, 20-year-old, 9½-thousand tonne American battle cruisers that were designed for the Shah of Iran – at bargain basement prices, of course, but it might cost the odd $2,000 million to fix up. I stand corrected on that, but those sorts of contemplations would mean we surely have not learnt the lessons of the amphibious ships. We also, secondly, have a tendency to gold plate. I do not use that phrase easily; you have heard me say before that, for a small defence force, we can never afford to lose significant numbers of people or platforms in combat.

They have to be very good, capable platforms, but we have tended to think in gold-plated terms. Every time you gold plate, it costs money. A very famous American called Norman Augustine, who until recently ran Lockheed Martin, has written a book that I commend to you called *Augustine's Laws*. It is a great read. There are about 50 of these laws. One of them is that the last 10 per cent of military combat capability costs you 90 per cent of the product. That is a slight exaggeration, but there is an exponential curve with regard to gold plating. Every new generation of modern combat platforms approximately doubles in real cost. If you compare the F18s with the Mirages or the Black Hawks with the Irquois, they are about double the cost to acquire and up to double the cost to operate. That is going to lead to Australia facing enormous problems as we go into block obsolescence in about 2010-15 for the F18s and, beyond them, the F111s, the P3 Orions, the surface ships and the upgrades for the submarines, and all of the Army equipment and helicopters throughout the Army, Navy and Air Force.

You heard Allan Hawke, the Secretary of Defence, say in public last week that, if between now and about 2020 we were to replace all of that equipment which is becoming obsolete, the total bill over 20 years would be between $80 billion and $100 billion. For a country of our size that is going to pose enormous defence budget challenges for any government. The problem is that governments think short term – to, dare I say it, the next election. You and I are talking about the security of the nation over about 10 to 15 years. These are difficult problems, but the quick answer is that we should not gold plate as much. We should, where it is cost effective for the self-reliance of Australia, still build in Australia. We should not be dependent upon foreign suppliers for the software and what is called the 'source code' that drives this equipment, which we need to repair and change in combat for our own self-reliance. As Minister Moore is arguing, we need a quicker equipment decision making process, recognising accountability and transparency to the parliament of Australia. It is not like buying motor cars.

Senator GIBBS—No, it is not. Would you recommend that we actually start producing and making our own equipment? Do you think it is possible for Australia to start building its own ships and equipment or is that not feasible?

204

Prof. Dibb—In some areas. We have to be careful about what is affordable and vital to our own self-reliance. I am not arguing at all, for instance, that we should even dream about building combat aircraft in this country. We can assemble them as we did with the F18s and we can demand, which we used not to, access to the software and to the source code that makes these things work and recognises the enemy. We were not good at that a decade ago. I can, in closed committee, quote the particular examples of that. We can demand, when we buy a new air-to-air missile – as we are for the F18s – that not only should assembly and production be transferred but, as I have said, the intellectual property and software embedded in it be something that we can change.

Mrs CROSIO—Isn't that one of the biggest arguments – intellectual property rights?

Prof. Dibb—Absolutely.

Mrs CROSIO—They are not looking at the up-front sale; they are looking at what is going to happen eventually down the track on those intellectual properties.

Prof. Dibb—Yes. It is the software. The hardware in some areas we can make, like electronic warfare self-protection, and radar warning receivers for the F111s. But we have a highly educated, highly innovative Australia. For our size we more than punch above our weight. I have done a survey of countries in our region and their lack of innovation, both in the civilian and military applications of software and systems integration skills. They are not good at it. It is partly a social and educational attitude and it is also political systems that repress innovation. If you look at the submarine, yes, there are problems with the combat system.

Mrs CROSIO—Perhaps it is our staff who are not trained to use the computers.

Prof. Dibb—The combat system in the submarine has three million lines of software code, all written and designed in Australia. We own the IT. The submarine has twice as many lines of software code as either the B1B bomber or the space shuttle. Is it no wonder that there have been some issues? But the fact is that young Australian men and women have done that, and that is central to what we should be doing. Have you seen the ANZAC ships? I think they have been a success story – on cost, on schedule, as I understand it. You need to talk to the experts. They are built to a foreign design. There are some other areas of activity, particularly in the intelligence, surveillance and communications area, which we should do ourselves. But no, we should not have a self-sufficiency attitude to building aircraft and other things. We need to be very selective. But there are things we can do and must do, because the cavalry may not always come over the hill to our defence.

Senator GIBBS—Thank you.

CHAIR—We might keep things within reason towards Army. In answering Senator Gibbs's question, you were talking about the assessment of neighbouring countries and their lack of skills. It raises a strategic question about projecting ahead. Why will that change? When you talk about the need for $80 billion to $100 billion just to maintain the sort of capabilities we have with hardware, is this the right focus? Are we really looking at the right objective? For argument's sake, we keep thinking about our vulnerability or potential vulnerability, against the obvious so-called enemy coming at us, but what about the modern technology, particularly electronic technology, and the developments of all sorts of things in control systems in our civil infrastructure? Is there a vulnerability growing there? I guess that is two fairly broad questions.

Prof. Dibb—Yes. Being expert on the region to our north is central to our intelligence collection and analysis capabilities. They are of high national interest. You have heard me argue that because we are part of the close inner alliance with the United States in a way that is unique in the entire Asia-Pacific region, we have

access to some very potent tools. But we will not be right all the time, there will be mistakes made and there will be surprises. Look at the India-Pakistan nuclear capability.

I have confidence, however, that in areas of traditional military capability our capacity to look, count, measure and listen is without peer in this region and we will know precisely what regional capabilities are in combat aircraft, surface ships, submarines and major Army capabilities, but they will change. Despite my view that we have a leading edge in the education and innovation area which we can turn to great use, including in the Defence Force – and I know that is the view of Admiral Barrie, the Chief of the Defence Force – it is no time for complacency, particularly as the tertiary education area is in some difficulty, frankly.

We need to focus on these areas of crucial national interest for Australia and they are not just defence as you have said, they are capabilities embedded in our education and civilian system. Think of some of the people in the reserve that we could use - if we rejig the reserve - who are computer software experts. We do not need to think – and I think this is in your question, Mr Chair – that the reserve should be traditionally about the infantry soldier with the rifle. There will be some of that, as we have seen in Timor, but the capacity in non-traditional areas, particularly in modern information warfare, could be another area, (a) where we minimise our vulnerability and (b) develop an offensive information warfare capability in all three of the armed services. I think that is thinking outside of the box, as you have said.

205

Mrs CROSIO—How are you going to change that mentality if, as you previously stated to us, Air Force will not even allow outside people to come in and repair any of their planes up in the Darwin area? So how are you going to change that?

Prof. Dibb—You are going to get a biased answer from somebody who was a deputy secretary. The single service chiefs naturally are defenders of their own traditional bailiwicks; they have enormous powers embedded in the acts of parliament, don't they? We should never go back to the sort of confrontation that I inherited when I did my report in 1986 between the military and the civilians. It tends to get covered over these days, but it was a totally unpleasant trench warfare experience between civilians and military at the highest levels. But neither should we go back to the pre-Sir Arthur Tange days when the service chiefs were virtually in command of determining their own force structure.

Mrs CROSIO—Point taken.

CHAIR—I might just come back to this information warfare thing: whose role is it to be leading in that area? It does not really quite fit into what we had in the past with our various sectors of defence. Whose role and what emphasis should be placed – you may want to take this on notice – on ensuring that we give it sufficient priority?

Prof. Dibb—Mr Chairman, it is an important topic and again, with your indulgence, I would prefer to answer that in closed session because it is going to raise some serious classified issues to do with our potential offensive information warfare capability as well as the need to protect our own electronic infrastructure against enemy electronic attack. It is an important issue.

CHAIR—Okay. Given the time, what we would like to do Professor Dibb, with your agreement, is to actually have another session, but make it a private session, probably when the parliament resumes at some stage. We will certainly liaise with you on that.

Mr PRICE—I apologise for my absence. Professor Dibb, you might be aware of a witness in Melbourne who heavily criticised the diarchy and saw a lot of Defence's current problems as stemming from the diarchy. Are you aware of any personality clashes between secretaries and chief of defence forces in recent time and what is your view of the diarchy?

Prof. Dibb—It is a fashionable and traditional point of view, isn't it, to criticise the diarchy. I cannot remember how many times we have re-examined that. I did in 1986; Wrigley did. I think McIntosh and Prescott in their efficiency review a couple of years ago looked at that. My view is very clear on it. I am not aware of any personality clashes since the mid-1980s when there were difficulties between the then secretary and the then CDF, although they now deny it, but I was centrally involved in adjudicating that brawl. We have carefully, under both governments, chosen secretaries and CDFs who can get on. In my time with Allan Woods as secretary and then Tony Ayers, Peter Gration as CDF, Beaumont, Baker, the relationships have been excellent, as they are right now between Dr Allan Hawke and Admiral Barrie.

That does not exclude personality clashes if you choose the wrong person. The same applies to the service chiefs and the deputy secretaries; it is incumbent upon management. You do not just choose people to get on for the sake of getting on. But there is a responsible and cooperative attitude that we are in one defence force, one defence organisation, one nation. It is not to strip away, however, in that process the incisive civilian

analytical capabilities that in recent times have been stripped away to provide alternative and contentious advice to the unilateral inputs of the service chiefs. That is a real worry I have.

CHAIR—That is not the only problem.

Prof. Dibb—That is not the only problem. As to the role of the diarchy, every Western country I know, other than totalitarian dictatorships that are run by the military, have civilian control over money and resources and share things like analysis and force structure advice. The CDF then is free to be the chief military adviser to the minister and the government and to be the commander of the defence force. The service chiefs are not the commanders. And that is one of the best things we ever did. In America, Britain and almost every other Western country I can think of, you have the checks and balances of the diarchy and the division of labour. Do you want a service chief running the details of the defence budget and acquisition? I would argue not.

Mrs CROSIO—I appreciate that we are asking Professor Dibb back and I am looking forward to that. I would like to ask two quick questions from evidence you gave us this morning. When you looked at the structure of the combat force, you said the ratio at the moment is 35 to 65 support based and it needs to be revised. Are those your figures revised or is it an actual study that has been achieved, where we need 65 per cent combat? I will follow it up with another question. With regard to the helicopters, the capabilities, I got the feeling in the evidence you gave us that you are very much against the hard target missiles being attached to these helicopters at seven kilometres. Could you perhaps answer why you are just so against that as well as how you actually got 65:35 and 35:65?

206

Prof. Dibb—The government itself is saying that in the defence reform program it wants 65 per cent in the combat end and Army has endorsed that. That would give us a combat force of 15,000. I can say to you that former CDFs that I know very well believe that we should move from 35 per cent combat and 65 per cent support and training to reverse that proportion. That does mean some very difficult choices for Army, which some will resist, about stripping away some of the support areas and civilianising them or contracting them out. Those are the hard choices. We cannot have a totally self-sufficient Army, Navy or Air Force in which they own everything. That is not the modern trend and neither is it affordable.

On the helicopters, I have said that Army's view has changed from when I was deputy secretary, where we were emphasising additional troop lift to give us two company group lifts. We only had one company group lift and Army says its needs two, and 14 years later we still only have one company group lift. We have moved from the emphasis on company group lift and reconnaissance to reconnaissance and fire support. We need more mobility and lift in the Army and particularly rotary wing. I endorse that. I have no problems with a highly potent reconnaissance helicopter and there are some very smart capabilities around. There are a number of good competitors in this new Army project.

I have problems with why we need in such a helicopter an air-to-ground missile with a range of seven kilometres with hard target kill. I want to hear where these hard targets are in a putative enemy's country and why we are going to take them out by helicopter as distinct from other capabilities in the Defence Force. I am not arguing against helicopters for Army. But it is a non-trivial subject both in force structure and money terms. In money terms, you are talking about $1.5 billion for about 22 to 25 helicopters – a big issue.

Mrs CROSIO—Thank you.

CHAIR—I think we have had a very good session here this morning, Professor Dibb. I certainly thank you for coming along and giving us the benefit of your knowledge and experience and for the frank way you have answered questions. Also, I thank you for agreeing to come before the committee again at some stage, and we will have a closed session to cover some of those other issues. As you know, you will be sent a copy of the *Hansard*, so if there are any errors in it please feel free to correct them. Again, thank you very much for coming before the committee. As you can see, the committee has great interest in this. We have had a good roll-up here this morning.

Prof. Dibb—Thank you. It is my pleasure.

207

[11.49 a.m.]

GLENNY, Major General (Retired) Warren, National President, Defence Reserves Association

CHAIR—We are delighted to see all the new DFAT members here as well taking an interest in the work of the subcommittee. Can I emphasise that this is a typical all-party committee and, hopefully, you can see another side of the parliament where members of government and opposition are working very closely together because we do believe very strongly that we have a common interest in many areas – including, of course, defence. On behalf of the subcommittee I welcome Major General Warren Glenny.

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 contempt of parliament. The subcommittee prefers that all evidence is given in public, but should you at any stage wish to give any evidence in private, you may ask and the committee will certainly give consideration to your request. Would you like to make any additions or corrections to your submission?

Major Gen. Glenny—The DRA is encouraged that the subcommittee took the reference from the minister, and certainly I appreciate the opportunity to appear formally before you.

CHAIR—We will proceed to an opening statement then.

Major Gen. Glenny—The only thing about appearing before the committee is that I have a caution. Our feeling is that any number of the standing committees have made positive recommendations. My regret is that a number of the positive recommendations or challenges that committees have put to Defence or government have not been implemented. In my own particular reserve issue, the extensive inquiries of 1989 and 1991 chaired by the House of Representatives member Mr Lindsay came to nothing because the Defence Force review, which dramatically altered the reserve, was undertaken during the time of the inquiry anyway. The other one that has Army-wide or Defence implications was the committee's inquiry into sustainability of the Defence Force and its supplies, its munitions, and that report saw nothing change.

Regardless of these comments, I and the DRA believe that it is critical that parliament, subcommittees and individual parliamentarians be better informed and involved in defence matters. In the submission before you, we say on pages 3 and 38, that even back two years ago there were a number of matters that should have been referred to standing committees such as yours. In each of my presentations to the varying ministers for Defence in the current government, I have restated this.

I draw the committee's attention to the fact that Defence in the past has not been externally challenged or internally challenged to a degree that I would have wished, and that a number of its initiatives have been wrong. Most members of the committee are too young to remember the Pentropic Reorganisation of the sixties. We went into it as the Americans were coming out of it and it disturbed our Army structure for probably 10 years. I know that I will attract the attention of some of the committee when I challenge some aspects of the Ready Reserve scheme of the nineties.

During Professor Dibb's presentation there was reference to 'Army in the 21st Century', and following a change of government it was just retitled and called 'Restructuring of the Australian Army'. I have lesser views because I was an operational divisional commander, and I will talk about divisions later on in response to questions about CSP and DRP. I have concerns there.

But now Army again is into an area for its reserve component of disaster, and I talk about common induction training. The effects of this will cloud the environment in which this committee delivers its recommendations as to suitability. Your report to the parliament and the minister as to suitability may, by the time you submit it, see only a regular component in existence – with the reserve reduced to skeleton units, having no role other than to hold individuals for filling out understrength regular units.

Let me illustrate and prove what I have just stated. In December 1997, then Minister McLachlan, in articulating force structure and justifying restructuring of the Army in a number of initiatives, said, 'By June 2002 the strengths of the components to make 50,000, below which we will not fall, will be 23,000 regular or' – using a term that I do not like – 'full time and 27,000 reservists.' I remind the committee that, when that statement was made, the reserve was then at 24,000. It is now stated as being at 18,000 and dropping dramatically. So Mr Price's question about a smaller reserve may come into effect regardless.

It is ironic, in concluding, that from 1974 after Millar until 1994, the reserve had a restriction – and again it goes back to some of the comments made during Professor Dibb's questioning – of 80 per cent manning of

very restricted establishments below normal operating establishments any rate. Most overseas reservist units are manned to overestablishment, so if they are called out they turn out at establishment. We go the other way.

This had no operational logic and was an artificial constraint imposed for financial reasons. This started to be relaxed in 1994, but of course now we are into a state, as I said, where the reserve is disappearing as far as numbers go. As I said to the chair in the informal session, there are a number of things that I would hope those committee members whom I have spoken to will question me on: the strategic uncertainty of the Ready Reserve readiness, availability and even acquisitions and facilities. Chair and members, I thank you for the opportunity to appear before you and make an opening statement.

208

CHAIR—I will come straight to the point about this question of the regular reserve and the comments that General Sanderson made to the committee last Friday. He was fairly critical and suggested that really the reserves were something for the past. He said:

The Army Reserve is simply not trained enough, fit enough nor of sufficient strength to make a worthwhile contribution to Australia's defence.

He then went on to argue strongly for the reinstatement of the Ready Reserve. I think this is a great opportunity for you to respond to that. You can talk about not only the depletion in numbers of the reserves but also the need for them and what needs to be done to increase those numbers back to the target that was put forward by the former defence minister.

Major Gen. Glenny—General Sanderson and I have had a number of challenging discussions over our period of service together. One of the first statements that he made would be true. The reserve at present, at 18,000, with the level of equipment given to it and with the number of training days, which are a measure of its ability to train for operations, is at a lesser stage than it has been for a considerable part of its life. There have been some good training initiatives, but the questions that I pose to General Sanderson or to you, Chair, in response to that are: who controls the allocation of resources, and who controls the environment in which the reserve exists? In fairness to General Sanderson, at a time when defence is underfunded, you would have to say that any regular component commander, having grown up in his own regular environment, would see the need for the resources to go to first priority regular units. Of course, even within the Regular Army, they cascade resources down to the lower readiness units.

The short answer to General Sanderson's comment is that all of the things that he describes are of others' making. I am not saying that the reserve has not got some structural weaknesses, but the reserve as it is at present is the result of other people's decisions or other people's failure to make decisions. General Sanderson said that reservists under A21 would go up to have perhaps 15 per cent of their unit strengths as regular component. As a result of East Timor, most reserve units – and I am not saying it is wrong; it is just a statement of fact – have lost almost all of their regular component. Another General Sanderson will arrive on the scene in two years time and say, 'The reserve is hollow. It has dropped down to 16,000. It hasn't been well trained in the past two years,' without realising that the reserve made a contribution in kind and in personnel to the East Timor deployment anyway.

CHAIR—Answer your own question, though. Who should be making this decision?

Mr PRICE—What decisions would you like to see taken about the reserve?

Major Gen. Glenny—The first decision that the government and Defence has got to make is that it is serious about a reserve, whatever that is. If I could move to your earlier question about fewer numbers, during my career in uniform at varying stages – because I was a reservist senior operational commander, if I can use that term, in the two divisions that I commanded – people would say to me, 'We cannot sustain it at 24,000. Let's get rid of the 3rd Division and we'll save $9 million, and we'll put that $9 million into the reserve.' Even the Audit Office said that $9 million would not go anywhere in the reserve. It is just not right that you can look at 24,000 and say, 'We'll give you a better reserve with 12,000.' It lasts as long as the next CDF, the next minister or the next round of reorganisations. The reserve is now at 18,000, so it is costing less now, but it is not getting more. Therefore the reserve has to have a government decision saying that it is in place and that it has meaningful roles, and within the defence budget – without downgrading the regular component's needs – that it has the resources to meet those roles and tasks.

Mr PRICE—Can I follow up on the issue of the role, which I think is important. If we took away the glamour element of the reserves – that is the medicos, dentists and some engineers who have been highly utilised and do a great job – and we took away the surveillance units, which equally have a very proud record, what do you see as the role of the reserve – bearing in mind that you make a valid criticism that for too long either CDFs or governments have talked in terms of one Army and the reserves being important, but the reality has fallen far short?

Major Gen. Glenny—Unfortunately, yes, the reality has always fallen far short. The Regular Army has four battalions moving upwards. The Regular Army should never have been less than six battalions. That is a criticism of a number of past decisions and government funding. Even at six, with the deployment to Timor, you could not have sustained it. Three hundred reservists in 6th Battalion will probably be the rotational battalion. There were 300 individual reservists in East Timor, and they are not only the glamour end. There were 12 crew commanders out of armoured personnel units of the reserve, because the Regular Army was short. In many senses the Regular Army, unfortunately because of funding or whatever, is also short of manpower and has hollow units.

209

So there is that individual fill-in role, but no-one should assume under Professor Dibb or any strategic guidance, that if something had happened in New Guinea, where would we have got deployable units with the bulk of our regular forces committed? In any strategic environment that is what you do; there is pressure on another point to get a reaction elsewhere. There is still a need for the formed infantry armoured units. It is a question of the readiness and therefore then their availability, so that they are complementary.

Mr PRICE—Isn't the reserve blighted with 365 days readiness, which in today's terms means that they are just marginal. Isn't that the area that needs to be changed or attacked?

Major Gen. Glenny—The current government in its defence policy stated that within its first term all reserve units would be equipped and resourced to come down to 90 days. Three hundred and sixty days is a nonsense; it really is. It is because we are a Christian calendar country. We pick three months, being 90 days, six months or a year. In Vietnam we took youngsters off the streets and put them into a framework that existed – our Regular Army structure – and deployed them with excellent results in Vietnam. You cannot tell me that it would take some of the units of 2nd Division – with warrant officers who had been in place for 20 years – 360 days.

I remind the committee – and it does not sit well with some of the external audience – that headquarters 2nd Division was deployed in 1995 for six weeks into the Northern Territory to command the enemy forces in the last of the K series with less than a year's notice – 32 days perhaps of warning – to be available to do a tasking and there is no criticism anywhere of the performance of that headquarters. Any number of reserve units are at 90 days readiness. You go down a sliding scale: the manoeuvre units of the 2nd Division are at 360 days –

Mrs CROSIO—Would it take extra resourcing to bring them back to 90 days?

Major Gen. Glenny—Yes, certainly training days because that is the measure of how you train reservists and you need equipment to give them the resources to bring them down. But there are some oddities in our calculations if the committee were to say, 'Where did we get 360 days? I would like to see the time lines that gave that from our decision makers.' At 90 days the units of 4 Brigade were required to be ready for vital asset protection in the north of the country – the same with 13 Brigade into the west and the Curtin-Derby area there.

So not all reserve units, and any number of individual reservists who make up the component of the total unit, are at seven days or a phone call to go to East Timor. It is surprising how readiness and training standards were challenged by the need for people, and people were provided at shorter notice than any of the glossy written material about readiness. I have strong views about readiness being used as a tool to downgrade the capacity of the reserve rather than as a proper measurable tool of operational capacity.

Mr PRICE—What sorts of readiness levels would you like to see in your reserve? If you were making the decisions, what would your decisions be about readiness of the reserve?

Major Gen. Glenny—Put aside the turbulence that has been created by the downgrade to 18,000, I believe that formed units of the reserve ought to be at 90 days. You have to balance that against strategic advice and warning time, and that was the whole basis of reserves readiness – you allocated on a sliding scale resources to meet the graduation of warning time. We as a country get warning times completely wrong. Timor, Fiji and some of the problems that could have arisen in New Guinea are not at the five or 15 years spectrum; they are instant decisions.

CHAIR—If we assume we had our 23,000 reserves, which you have advised the committee we do not, and we placed them on 90 days, would you have a rough order of what the recurrent cost of that would be?

Major Gen. Glenny—I would hesitate –

CHAIR—It is an unfair question, so I apologise.

Major Gen. Glenny—As a common operational soldier it is almost out of my depth. But the Lindsay report said that you would need $100 million or so back in the 1990s to bring reserve units to a degree of readiness. That is not impossible. We have just spent a small fortune on the humanitarian issue of refugees into Australia.

Senator FERGUSON—Major General Glenny, I wish I could say I was too young to remember the 1960s, which is how you opened your remarks; unfortunately, I am not. If the numbers of the reservists are down to 18,000, as you say they are, and are likely to go down further, you talk about a downgrading of the reservists. In real terms it is not so much a downgrading as a fact that people are leaving the reserves and we are failing to attract people into the reserves.

I can speak of my own area. The reserves there are struggling to maintain their operations in an area that represents a number of country towns. That is partly because people are leaving the reserves as they get older but mainly because they are failing to attract young people to join the reserves. Can you think of any reasons at the forefront of why people are not attracted to the reserves in the same way that they were 20 years ago?

210

Major Gen. Glenny—As an introduction to that, Defence is trying to grapple with it and rejig the whole of their recruiting structure.

Senator FERGUSON—I understand that.

Major Gen. Glenny—That is part of it. I think the decision to remove reserve recruiting from units and to centralise it was of one of the first bad steps in a number of decisions. Any of you with reserve units in your electorates know they are of and from their community. Because reserves are not geographically mobile – except when they are mobilised – unlike our regular components, who move too often, reservists relate to Shepparton, Liverpool, Parramatta and Newcastle, where they are recruited. But we said to them, 'You've got to go to Sydney,' and we imposed an administrative burden on the recruiting systems that was nonsense. We downgraded the recruiting element. For a while there, you saw Defence totally disappear from the TV.

As far as youth attitudes go, I think those that join the Ready Reserves are quality. One of the great barriers at present is that, under the name of one army – I have to act like a general rather than an emotional witness before the committee – we go to the extremes in matching one army, rather than realising it is two components that each bring excellent skills, capacities and characteristics to a total army. You will find any number of my regular colleagues who would say that we need to be at one standard. But, if we are at different standards of readiness and equipment, where is the logic in that, unless you want the reservists to be only individuals to be plugged into regular units?

We sat in Russell and said, 'We want to be one army, and it all has to be common training.' We said, 'Our regulars are doing, say, 12 weeks and our reservists are doing two or three on initial training. We are going to solve this one army concept by having them all do six and a bit.' It does not suit our regular units. It imposes a greater burden on the regular unit to add to the training that previously their recruits got. The numbers in the reserve are dropping dramatically. When Defence and Army decided that the reserve would move to six weeks and four days of initial training and then another six weeks of their skill training, all within 18 months, the study of employers that was conducted at great expense said universally – in Victoria it was something like 90 per cent of employers – that they cannot give people six weeks and then another six weeks. So the concept of having common training was good; the implementation has seen a reduction in reserve units right across the country because you cannot get that sort of thing.

I would challenge the government and all parliamentarians – and we almost wrote to you all to ask this – to say whether you would give your electoral staff 12 weeks off in the first 18 months of your term in the Commonwealth. I ask the defence ministers: is the Commonwealth prepared to give 12 weeks plus travel time to Commonwealth public servants? If the Commonwealth says that it is economically non-viable, the local garage in Muswellbrook will have the same problem. Young people will still rally to the cause, but you make it impossible for them to rally to the cause.

Senator FERGUSON—I would accept all those things that you say in relation to time off from work and the ability of employers to allow that time off. There is one other issue that you might want to comment on in relation to reservists' recruitment. That is, in recent times we have seen the movement of many of our regular forces to Darwin. In other words, regular personnel are far less visible in all of the other states, particularly the outlying states. I think it is true to say that any organisation with a strong unit tends to attract people where an organisation struggling for numbers struggles to get extra people to come in.

Is there any anecdotal evidence or otherwise that the move to and concentration of the Regular Army in the north of Australia makes them less visible in the other states and so people do not talk to Army personnel, whether they be regular or reservists, as often as they used to in their communities? Does the downgrading or the lowering of numbers mean that they are seen as an organisation that is not strong and not attractive to join?

Major Gen. Glenny—There are two aspects to it. I do not believe reservists get recognised enough, and that is part of the young audience behind me not even necessarily knowing of the reserve. In my submission, I say that the rural fire services in New South Wales and the country fire service have perhaps 30,000 people and

600 regular components. But, whenever there is an emergency, the first thing that Commissioner Koperberg or somebody says is, 'It wouldn't have been possible without our volunteers.' There is no division. There is just a straight statement in the press, 'It wouldn't have been possible without our volunteers.'

Senator FERGUSON—Can I just interpose there. That is a different concept because there is a certain inevitability that a fire will occur. It is pretty hard to get it into the minds of people that there is an inevitability that there will be an armed conflict. I think you are dealing with two different sets of rationales there.

Major Gen. Glenny—I agree but, if there are two rationales, it does not exist in the mind of the commissioner who is heaping praise on his reservists or volunteers. That is one of the environments that we are in at present. There is not enough recognition, and recognition does not cost dollars, by the way, from a parliamentary or defence point of view.

211

But, going to the crux of what you said about the regular units moving north, it is true. If you move around – and not even in the marginal areas – and look at one brigade having moved out of the Holsworthy complex, if you look at the rationalisation and centralisation of our schools, if you look at the 3rd Brigade in the north, the populous areas of Australia are devoid of a military presence as a result of that strategic decision to move. The reserve is perhaps the only defence window that people can now look through, and that window can be clouded by lack of recognition, lack of resources and lack of man days so they can train, even in the sense that it cuts across operational imperatives. They do not even have enough man days to do some of those public appearances in their local communities – how many of you have written to a reserve unit to support the orange blossom festival, or whatever goes on in your own electorate, and been told there is no capacity because there are no days for the band or the trucks cannot do this or that?

So Army, not only the reserve, is becoming less visible in the very areas that have the population that it will have to draw from. Queensland has traditionally been a good state in that it has had a large regular presence. I think Queenslanders, like the people in the Northern Territory and, to a degree, those in the West, believe they are closer to whatever we perceive that threat to be, whether it will happen or not.

New South Wales does well, with probably 24 or 25 per cent of the reserve total numbers. Victoria and South Australia have been good. Victoria was selected as a trial for A21. One would question some of the aspects of A21. The only other good state is Tasmania, but it has always had a military attitude. It gets a high percentage of its population into the reserve. Interestingly enough, if there was not a reserve in Tasmania, there would not be a presence, other than this absurdity that we have gone to with commercialisation and support, and defence efficiency reviews and all that, where we do not call the Army commander in Tasmania 'the Army Commander Tasmania'. We are more likely to call him the leader or manager of Army business Tasmania. We have taken commercialisation to absurd degrees, where our warrant officers, who were always the linchpin of our culture, are now coordinators of defence centres – Defence Centre Sydney, Defence Centre Holsworthy or somewhere.

Senator FERGUSON—It would be interesting to know whether Julian Heath, who is in charge of the Army in Hobart, shares your view.

Major Gen. Glenny—He has had an incredibly good impression in another area that I am involved in – that is, immigration and refugee issues. The whole of the Defence Force and all of the voluntary organisations did as well, but Tasmania stands out as a shining example in the whole Kosovar experience.

Mrs CROSIO—In some of the evidence we have taken, and also looking at the submission from your association, a lot of the people are saying that the reservists feel they are treated very badly by the Army. They feel they are only a second-class citizen even if they participate. I would like your opinion on that. I would also like to know – and it was a question asked in evidence last week – whether you think the breakdown and the stopping of cadets in schools has caused a diminution in the number of reserves now coming forward.

And, in part of your paper that you presented, and this is in synopsis form, you said that it should be policy that reservists command reserve formation and units, and that when a suitable reservist is not available a regular be appointed tasked with producing his successor – that is, a reservist. Could you elaborate on those points?

Major Gen. Glenny—If I talk about attitudes, I think you will see through the totality of my submission that I have nothing but respect for the regulars that commanded me and those regulars that I commanded, but there is an attitude out there that is caused by economic situations or both streams growing up in a different environment. The reservist enters the reserve at 18 or 20 having been an apprentice, a first stripe police constable, one of your electoral assistants or the young people behind us. Our regulars have tended to come straight out of whatever recruit training battalion or ADFA and then RMC and have lived in that environment.

Throughout our history, there has been a challenge and a tension between the two components, rather than, as I say in the paper, the need to get together to realise that both components bring excellent skills and capacities.

On the question of command, I believe that throughout my time commanding divisions, wherever there was not a suitable reservist, I was more than happy to have a regular command. I can evidence 12/16, two of the Victorian regiments, one infantry and one artillery, on combining. The divisional commander before me was a former regular. So I do not think that is a real concern.

My concern when that paper was written and that I have continued to articulate is that General Sanderson had a view as A21 was to be implemented that the reserve rank ceiling was a major probably. That is what I was saying that I strongly oppose. As for the question on intelligence that the chair asked of Professor Dibb, there are capacities in the reserve that are not used. A lot of us in the reserve do not go into where those internal capacities are that we have got.

212

I was reasonably senior in Coles Myer and supplied, through my distribution network, all of the Coles Myer – and you are aware that they are a mammoth organisation – retailing outlets. At times, you run up against attitudes that say, 'You are not quite with it. Lock up the photocopier, because you can't cope.' I had reservists under my command that have statutory authority positions that get more than I did and that get more than the CDF and the Prime Minister get, as a recognition of their corporate responsibilities, and yet we say, 'Oh, I don't know.' We – and even you, the committee – talk of reservists not being able to cope with modern technology.

I put this to you. I was a product of the schooling system of the fifties and sixties and the industrial capacity of that era and, being armed corps, I happened to have the Centurion tanks of that era. I and my unit had no problems. The young soldiers, like the audience that we are getting behind us, the males and females, were the product of the education system of the nineties and, out in their civil life, used equipment that was just as complicated. There is more to warfare than complicated equipment – certainly, there is command experience and the orchestration of all your assets to bring them together – but it is silly to downgrade the capacity of civilian soldiers and say that they cannot cope. The real fact is that, with a regular army of 23,000, they will have to cope. Anything other than Timor would see large numbers of them needing to be there and needing to cope. It gets back to readiness, availability and the standards that you allow them to get to as readiness comes up the scale.

Mrs CROSIO—Wouldn't it be the obvious answer, also – if you are going to change from 35:65 combat to support staff to 65:35 and then look at civilian structure – to bring in some of our reservists with those qualifications so they could move in straightaway when it is needed?

Major Gen. Glenny—True. I think it will be beyond my time and perhaps your time before we see that ratio changed. One of the dangers of that ratio is that, as I have just said, we will have to go past those numbers if anything significant happens. The more that you downgrade our training base, if I can use that term, the greater the burden you put on yourself if you have to undertake any form of expansion. I challenge how far you can go down the spectrum of that.

There are a lot of questions about our headquarters structures and a lot of these support functions, but – as I wrote to the committee – we are tending to structure our army as an army for peace, and your inquiry is about the three levels. It is an army for peace and, as a result of some of the commercial support things that we are hanging off the end, I am not quite sure that we would be an army for war. We have been too short on the end, and you will see in my paper that I say that a number of overseas countries get a greater proportion of infantry battalions for a given number than we do. Our number gets better if you add regular and reserve numbers to the equation, but we have been heavy. I will not say it, but any number of people would say that there is another battalion over the hill that perhaps should be out where battalions are. We have to refine our command structures and decision processes.

Mr LAURIE FERGUSON—I do not think there is any doubt that the changing nature of the work force, the fact of fewer people in employment spots, the interrelationship with the six weeks training, et cetera, are major factors, but I wonder whether you yourselves, as a committee, have undertaken any work around Australia as regards the demography of the people that you have in the force. When we talk about country towns no longer finding it easy to maintain these units, there are questions of rural depopulation and transient populations – people moving more often.

In the electorates that Mrs Crosio and I represent there is the reality of non-English-speaking background Australians and the attractiveness of the reserve to them. We lament – whether it is true or false – the Scouts, Girl Guides and all of those kinds of traditional activities of Anglo-Saxon Australia which really do not seem

to attract people. I think you are probably right that these industrial relations changes are very crucial to what is going on, but have you looked at any of these other issues?

Major Gen. Glenny—There is the ethnic issue. As I drove down to the committee today, the New South Wales police were being criticised about the availability of ethnic officers. The Army and the Ready Reserve will continue to grapple with that. First or second generations of our new settlers are not necessarily that way inclined because they have not come out of any of the democracies. It was interesting that, when I introduced myself to the Kosovar refugees as a general as I went around the camps, they drew back for a period. It was interesting to watch them react to our police and Defence personnel who were doing very well. The ethnic issue is something we have to work on.

As for the demographics, a number of studies have been done. This touches on the senator's earlier question. Big firms, organisations and banks with chief executives who were involved in World War II, Korea or perhaps Vietnam have a different view of their younger staff serving. There has been a downsizing and that is certainly having an effect. Again, I go back to the rural and country fire services. In New South Wales they have more than the whole of the reserve for the Commonwealth. At seven million or eight million we were able to maintain a reserve far larger than we have now. At 19 million the percentage the Defence Force wants is so insignificant that we should have no trouble putting aside some of the cultural business needs and approaches as we did in the past. We should be laughing. If we needed four per cent of the eligible male and female population then, now we are down to about – and I am only using examples – one per cent or so. I concede all you are saying. There is a move by our new settlers to go into our medical units and field ambulance units

213

Mr LAURIE FERGUSON—In defending the reserve, you did concede that there were quite structural weaknesses. Do you think you have covered them today, or are there are some others you would like to expand upon? You do concede that there are structural weaknesses there.

Major Gen. Glenny—One of the issues is attitudinal and it is produced by bad results. The reserve has to be serious about what it wants to do. It is not a social club. It is a follow-on or augmentation of our Regular Army and you really have to make reservists balance the three commitments – family, employer and Army – and that is sometimes hard. I do not think government or Defence is helped by the lack of understanding of the balancing of those three. Before I would dramatically reduced the reserve, I would go back as far as Millar. Let's look at Sanderson in 1989 and the recommendations that were made there. Let's look at the parliamentary committees that have been the precursor of this committee, and pick out those recommendations. Housing loans for reservists were recommended by Millar in 1974. They have just come into being.

The Ready Reserve scheme had some wonderful initiatives in it and attracted some wonderful people. I feel that within the committee, Defence and the government there is perhaps a move to a Ready Reserve, but would you as parliamentarians and part of the government or parliament have been prepared to commit those Ready Reserve units that you and the Army talk of as having such a wonderful capacity when they comprised our university students? It is a very narrow, dedicated segment, rather than going across the whole spectrum, which is the General Reserve. I think you would have found considerable weaknesses in being able to target a specific part of the population for mobilisation, and that would have had an effect on our student population. One of the values of the General Reserve is that it is of and from its community, across the whole spectrum of skills and trade capacities of that community.

Mr PRICE—Can I follow up Mr Ferguson's question. The one issue we have been tiptoeing around a little bit is the employers. You talked about the larger firms and their historical commitment to the reserves. But aren't the reserves actually practising the same discrimination that you have objected to about the wider Army? That is, if you are a private doctor in practice, you get a practice payment to compensate for any loss of earnings during a commitment. Yet, if you are a farmer, if you work for a panel beater or any other small business or if you are self-employed, you pick up the loss of earnings or your small business organisation carries the loss that a deployment would involve. Where does your association stand? Given the current economic environment, are we going to get that broad cross-section of the employed or self-employed community to commit to the reserves? Clearly, there is a major problem.

Major Gen. Glenny—Eighty per cent of our medical capacity is reservists, and we would not get some of those without some of the allowances.

Mr PRICE—I accept that 100 per cent.

Major Gen. Glenny—And they do it discriminately by accelerated rank to give them a commensurate level. But it applies right across the scale. Even as a general, Coles Myer paid me far more than I got in the

reserve but, if you make a commitment to the reserve, that is part and parcel of it – it comes with advantages and disadvantages. Those allowances would not apply on mobilisation.

Mr PRICE—The point I am making is that, by and large, when push comes to shove, state departments and instrumentalities, federal government departments and instrumentalities and meagre organisations like Coles Myer, the banks and what have you, can actually afford to be fully committed corporate citizens. But the vast majority of other enterprises, or people who are self-employed, actually cannot suffer the economic damage of losing employees for a significant period of time. Is that not a major problem the reserves are confronting now?

Major Gen. Glenny—Except in dollar terms, I do not know that it is any more different in attitude than, say, 40 years ago in that we were still attracting or not attracting the self-employed. In our trade units there are electricians who downed the tool bag and picked up the tool bag and perhaps are not recognised –

Mr PRICE—And working for themselves?

Major Gen. Glenny—Yes.

214

Mr PRICE—Why is a doctor entitled to a practice payment and the electrician gets zilch?

Major Gen. Glenny—I think, with due respect, you almost answered it yourself. We just would not get the medical coverage that we need without some recognition of the doctors' needs.

Mr PRICE—You yourself criticised common induction training. You said it was a good concept, and I happen to agree with your comment there, but the period being asked for was too much for employers. I do not think Army can sort of fiddle in Russell Hill and ignore those problems, yet to date we have no solutions from them. Do you or your association have a view about the way we need to tackle that problem?

Major Gen. Glenny—Certainly, on common induction training, we have articulated views to each of the ministers and to Minister Scott and to committees outside of this committee. The concept is good, but it is not working and therefore there has to be an alternative. Defence, at the end of two years, is starting to look at alternatives – perhaps three weeks and three weeks.

Mr PRICE—My point is that if we are going to pick up your suggestions about heightened training and what have you, we are going to require reservist employees or self-employed people to be away longer from their employment. In the year 2000, I think we have reached the limits of what employers are prepared to do. The six weeks is excellent in my view and breaking it up into three weeks is maybe a concession, but it really shows that we have no initiatives about how to deal with the employers and their requirements. Does your association have anything you can offer the committee?

Major Gen. Glenny—I think one of the problems that is going to flow on from what you are asking, Mr Price, is that when the government and the parliament move to protection on call-out, it will be job protection, but it will not take on the $114 million perhaps that is needed to augment the employers' needs, as did the Ready Reserve scheme. It may well fail on this point.

If Defence is dependent on its reservists as individuals to make the sacrifice of being available, there is an alternative on the other side, as I have said in the submission, that Defence and governments have got to be able to balance that and not leave it. The reservists coming out of East Timor do not necessarily go back into the Defence Force; they go back into a civil environment hoping to get the job back that they surrendered to go to East Timor.

CHAIR—We will have to put further questions on notice, and I am sure you will be happy to take those. I thank you again very much. You have made a very valuable input to the committee's work, and we certainly appreciate all of the efforts you have made in preparing for this. As you would be aware, you will receive the *Hansard*. If there are any errors in it, please feel free to correct them. Again, thank you very much for appearing before us.

[12.44 p.m.]

215

CLUNIES-ROSS, Major General Adrian, Chairman, National Defence Committee of the Returned Services League

CHAIR—On behalf of the subcommittee, I welcome Major General Clunies-Ross. 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 is given in public, but should you at any stage wish to give evidence in private you may ask the subcommittee and it will give consideration to your request. We have received the Returned Services League submission and it has been authorised for publication. Are there any additions or corrections you want to make to that?

Major Gen. Clunies-Ross—No. But could I make a point on the submission itself. Since the submission was put in, a number of decisions have been taken which do not alter the general thrust of the submission but are on the lines of the general thrust of the submission – for instance, the question of raising the Army manpower ceiling and putting two regular battalions on full-time duty. I just make that proviso. I would like to make an opening statement.

CHAIR—Please proceed.

Major Gen. Clunies-Ross—First of all, thank you for the opportunity of speaking on the RSL's submission to the inquiry into the Army's suitability for peacetime, peacekeeping and war. We regard it as a most important inquiry. I would like to give a quick overview of the submission before taking any discussion. The paper, in the first instance, is narrowly focused and has not attempted to cover many pertinent issues, but I am quite happy to talk about any issues that you may wish to raise in due course.

The submission begins by asserting that the defence of Australia extends beyond continental boundaries and encompasses defence of wider interests. This means that the Defence Force must be capable of external deployments as well as the ability to defend the mainland. The emphasis on defence of continental Australia in the white paper of 1987 restricted the Army to a capability to defend against the very lowest level of incursion. For a number of years, this forced the Army to man, structure and equip itself for this very limited role, and this had considerable consequences.

The strategic review *Australia's strategic policy 1997* was the first change of emphasis which required a more flexible Defence position, emphasised the fact that the defence of Australia may mean something more than defending the mainland and hinted that a more flexible policy was required. While defending the Australian continent is the most important requirement, it is also the least likely eventuality. What is far more likely in our view is that land capabilities will be required for offshore deployments in a littoral environment.

The subject of this review implies that there are significantly different requirements for peace, peacekeeping and war, and of course this is true. But it is our view that the prime requirement is to structure and train for war. If this is done, peacetime requirements and peacekeeping requirements will inevitably be adequately covered. The reverse is not the case. An emphasis on peacekeeping, for instance, as the prime requirement would mean that essential skills and capabilities would be lost. One particular skill and capability would be the ability to operate in a war environment.

East Timor is a case in point, as the skills displayed there are the result of training for war. This includes both individual and collective skills and the skills required of commanders at all levels. This is not to say, however, that specific peacekeeping training is not a requirement. The submission argues that one area in which the Army has controlled its own destiny is training and that this has generally been carried out to the highest standards, despite material restrictions. The argument is also put that Australia has been lucky in the dedication and professionalism of all ranks that has been maintained over the years and has been exemplified in East Timor.

The focus of this paper is on Army's deficiencies in two categories – manpower and sustainability – and these two categories are interrelated very closely. Sustainability means the ability to keep units in the field adequately manned with the necessary essentials of equipment and ammunition, the ability to replace those units in the field with similar units as required and having sufficient reserves of trained manpower to meet contingencies. Sustainability includes the provision of adequate reserve stocks. Manpower also includes keeping units adequately manned in peacetime so that effective training can be performed. We believe there is

also a lack of surge capability. This means that deployments cannot be made in the short term without ad hoc arrangements.

The East Timor deployment has been for five months only, and real sustainability was not tested. Two decisions with regard to sustainability enabled that commitment to be met. The first was putting 1st Brigade on 28-day notice in June, which enabled the 5/7 RAR Mechanised to be deployed in October, but this affected other elements of the Army adversely, particularly the 7th Task Force and some elements of the General Reserve as well.

The other decision was converting two battalions – 4 and 6 – to regular full strength status, which would have allowed a changeover if one had been required. As it was, because the commitment was for only five months, this changeover was not required but, when that decision was taken, it was anticipated, or there was a possibility, that the commitment may have been much longer. We believe these battalions must remain in this status.

While infantry battalions form the core of the fighting force, many other operational units are in short supply or under strength. I include here artillery, armour, engineer and air mobility units. This also applies to logistic units. The current combat force is notable in that a number of capabilities reside in single units and formations only – examples are armoured, armoured reconnaissance, air defence artillery, mechanised infantry and parachute capabilities.

Essentially, the same man power and sustainability arguments apply to the reserve, but the situation in the reserve is generally worse due to lack of materiel resources and clearly defined individual commitments. Adequate call-out legislation is required, as is legislation to protect employment. Although our submission did not cover the reserve in any detail at all, I would be quite happy to talk about it, and I have some experience of it.

There is a requirement for more units to be brought to strength and more units to be created. At present, we could put one brigade sized force into the field in war with considerable risk, which would be very difficult to sustain over time. This is an Army assessment, not mine, but it is one with which I agree. Finally, the aim should be to create a force structure which allows the government a full range of options in most eventualities, not all.

CHAIR—In discussions earlier today – and I am sure you have noted them – there has been quite a lot of focus on the role of the Army Reserve and where it should be in the future. Does the RSL have some views on that? Would you be happy to sort of expand on it?

Major Gen. Clunies-Ross—We have a view – I believe I can talk for the RSL on this – that the reserve is a very important component of the Army structure. Over the years, of course, there has been a great deal of debate as to how the reserve can and should be used. There are a number of ways in which the reserve can be used. First of all, you can have reserve units which can be brought to strength on mobilisation. You can have reserve elements which form part of regular units. For instance, in the 1980s, we had some experiments with putting reserve companies and reserve batteries into artillery and infantry units. And reserves can be used for individual replacements, as they are in some cases in East Timor at the moment.

So I think reserve service should encompass all those requirements – in other words, formed units, specialists, of course, like doctors, and used to make up deficiencies in regular units on occasion or, indeed, used to provide individual replacements. Do you wish me to talk a little bit about the Ready Reserve and the potential –

CHAIR—I would but, before we come to the Ready Reserve, I am wondering about strengths. You heard General Glenny talk about the numbers falling off and some of the concerns that that has raised. Would you like to comment on that first?

Major Gen. Clunies-Ross—In my experience, which is about 38 years in the Army and some time in commanding reserve units, the problem with the reserve was that, whenever there was a crisis or a perceived crisis, resources would be thrown at the reserves, the reserve strength would go up, reserve morale would go up and things would look quite good. One classic example was in the early 1980s when the Russians invaded Afghanistan, and for some reason we decided the reserves had to be bumped up.

I was commanding reserve units in those days in 4th Military District in South Australia. While the tap was turned on, reserve numbers increased dramatically, morale went up and materiel resources flowed into the units. As soon as the crisis was perceived to have passed, the tap was turned off again and the reserve went back to its steady state. It would appear from what General Glenny has said this morning that it has dropped below a steady state now. In fact, we are in a worse position than we were for most of the time that I was in the

Army, it would seem, because reserve recruiting appears to be falling off. I think he put his finger on one or two of the reasons for that.

CHAIR—Do you find this feast-famine type of approach satisfactory?

Major Gen. Clunies-Ross—No, I think it is most unsatisfactory. We have to determine precisely what we require from the reserve and then go ahead and give the reserve the necessary resources. One of the problems, and General Glenny touched on this, is that, if you have a group of people who cannot be used in the short to medium term and you have another group of people, that is, the Regular Army, who can be used in the short to medium term, inevitably – and he made this point – the resources will flow to those people that you can use. That is quite natural. That has not been done because the Regular Army wants to stifle the reserve or wants to starve it of resources. As he pointed out, regular units which are not readily deployable do not get the resources either. The fundamental problem is a lack of resource. If you produce the resource, then the reserves will get it.

The only time when resources are not plentiful and will flow to the reserve is if you can make the reserve readily deployable. If you can make them deployable, then I believe resources will naturally flow to them. The way you make them deployable is that first of all there has to be call-out legislation which enables you to use the reserve. The second point is that you have to protect reserve jobs and we just had a discussion on employers' attitudes to reservists. Unless you can preserve their jobs, I cannot see that you are going to get too many people joining the reserve if there is call-out legislation which says they are going to be called on in the short to medium term.

This probably is not going to be a very popular suggestion, but it is one thing that I have thought about over a long period – you have to have some commitment. In other words, if you join the reserve, there has to be some legal force from the fact that you have joined up. For instance, if you join the Regular Army you join it for four years and then you have a floating commitment to sign on at any time after that. But that four-year period is in fact a period where you are legally committed to being in the Army and the only way you can get out of it is to have some very good reason, such as your dad has died and you have to go back and work on the farm or something like that. On the other hand, the reserve is nominally a legal commitment, but in fact is not a commitment at all, because you can walk in one day and walk out the next. I think if you sign on for reserve service, you ought to sign on for a set period of time, perhaps four years and you sign on for four years at X number of days per year. Unless you do that, I do not think you are really ever going to get a reserve which is useable in the short term. So all those things are interrelated.

Mr PRICE—According to your own definition, given the coverage of East Timor, we should just have recruits flooding into the reserve. This got huge media coverage. Surely, the dropping reserve numbers signal a tremendous problem?

Major Gen. Clunies-Ross—I think it is. I am not sure that it does not have something to do with some of the measures that were brought in as part of restructuring of the Army. General Glenny touched on some of those: the fact that the reserve now have to do a set period of recruit training which is much longer than it was in the past, and that they theoretically have to come to the same standards of fitness and everything else as the regulars. I think that has something to do with it. I cannot put my finger on it necessarily, but I agree with you that one would expect that with East Timor you would get an upsurge in recruiting, which I think has occurred for the Regular Army, in fact.

Mr PRICE—You talked about the extra two battalions that have been made full-time for a period of two years with a review at the end of that two years. Your own submission argues for a minimum of six battalions. Can I ask: what is sacrosanct about the six, and would your organisation feel comfortable if there were in fact reserve battalions on perhaps 60 days readiness that clearly could be fired up? Would that alter your opinion about having six full-time battalions?

Major Gen. Clunies-Ross—I do not think we argued for six. I think six would be an absolute bare minimum anyway.

Mr PRICE—I am sorry. I did not mean to misrepresent that.

Major Gen. Clunies-Ross—Six is the figure that has been bandied around for some years. It should be more than six regular battalions. Clearly, if the reserves can be brought to a situation where you can use them in a relatively short term – in other words, 60 days, 90 days, or whatever – then that would put a different complexion on things. We have for instance a follow-up brigade, the 7th Task Force, which is substantially reserve, but that is not going to be of any use to us unless, (a) we make it regular or, (b) the reservists in that brigade are usable. So it would put a different complexion on it, but we would have to solve all the problems of call-out, the legislation which preserves jobs, and so on.

Mr PRICE—Did you wish to comment on General Sanderson's suggestion about the usefulness of the Ready Reserves?

Major Gen. Clunies-Ross—Yes. I have never been a great advocate of the Ready Reserves, for one or two reasons. There are some very good features of the Ready Reserves scheme – for example, the year's full-time training. People were there for a year, they got full-time training and, by the time they were finished, they were well trained. It did attract a high quality recruit – there is no question about that – but it was aimed at university students, so one would expect that they would be fairly high quality.

218

The aim of the Ready Reserves service was to create operational units. We have just been talking about the fact that they come from the regulars, they come from the reserves and they come from the Ready Reserves. That was the reason. I did not think that was ever a feasible proposition because, once the man left his full-time training, he went back into civil life and all the pressures that apply to the General Reserve applied to the Ready Reservist. In many cases, these people were lost. They disappeared into the community, and they did not continue with their part-time training commitment. I think that was the fundamental weakness of the scheme.

The scheme in theory was very good. If you are really talking about whether we should have a Ready Reserve or a General Reserve, you have to decide whether you want one or the other. I do not believe you can have three types of recruiting and training in a very small army like ours, and that was one of the problems with it. You have three different sorts of recruiting; you have three different sorts of training. That was a very big strain on the army. The Regular Army has to commit to that, it has to commit to the General Reserves and it has to commit to itself. So I thought that was a deficiency in the concept, quite frankly.

Mr HOLLIS—This inquiry is interesting in that it has been held with the background of Timor. Not only during this inquiry but in years to come, Timor will be used – as the Falklands War has been – to prove or disprove any theory that you like to put up. But it is also interesting at this time of the handover in Timor, and you mentioned sustainability in your submission. Many people have put to us that we have been fortunate in Timor because the forces were there for just the right amount of time. Your submission's whole idea of sustainability would have come into play and really been questioned. On the background of Timor, firstly, what do you make of our role there? Secondly, could we have continued that? Did we have the sustainability and capacity to continue in Timor for any length of time?

Major Gen. Clunies-Ross—The two decisions that I referred to – putting 1st Brigade on 28 days notice and the decision to raise those two battalions – were directly related, although the decision on the 1st Brigade was made before the Timor commitment. Without those and the decision to raise the army ceiling by about 3,000, without saying that those two battalions were going to come to regular full-time strength, we could not have changed over three battalions in Timor with another three battalions. The fact that we made those two battalions deployable, or are in the process of making them deployable, would have allowed us one other iteration, turnaround.

If I can go to the Vietnam experience – not because I want to dredge up Vietnam but this is just an example – when we were in Vietnam for some years we maintained three battalions in operations, apart from all the other operational units. I do not want to talk about battalions and leave everyone else out, but this is to give you an example. We had to maintain nine battalions on the order of battle to do that. We had three there; we had three who were in the process of working up; and we had another three who had just returned and fallen apart – the national service men had disappeared and so on. That is a fairly good rule of thumb, I believe. If you want to have three battalions in operations, you probably need nine battalions if that commitment is going to be sustained over a long period of time – let's say over a period of one year. If Timor had gone on for nine months, we would have made ad hoc arrangements, I am sure, to enable some sort of relief to take place. But if Timor had gone on for longer than that and it had been continuous, I think we would have had considerable difficulty – in fact, I am sure we would – and not only on the operational side, but also on the administrative and logistics side as well.

Mr HOLLIS—It has also been put to us by Professor Dibb this morning that this is the Pacific part of the world and it is a very volatile part of the world. He was saying that there was a possibility of two call-outs or two requests for the Australian Defence Force in this part of the world at any one time, and the difficulty of dealing with that.

Major Gen. Clunies-Ross—With the current establishment, I do not think that we could, unless you are talking about very small commitments. If you are talking about one battalion here and another battalion there, yes, we could do that. If you are talking about two commitments the size of East Timor, no, we could not do that. I am sure we could not in the first instance, but we certainly could not sustain it.

Senator FERGUSON—Bearing in mind that your submission was actually written and submitted to the committee at the end of June last year, a lot of events have taken place since then. In the last paragraph of your submission you say:

For nearly thirty years the Army has remained in a twilight zone, starved of men and material and sustained only by its ethos and the remarkable professionalism and dedication of all ranks. The time is long overdue for a radical and fundamental change ... If this is not done, Australia will be limited to substantially token deployments that have been the hallmark of the Australian Defence Force, as well as Army contributions, over recent years.

Do you consider Timor to be a token deployment?

Major Gen. Clunies-Ross—No, I do not, but I would say that the other deployments that we have made between the end of the Vietnam War and Timor have certainly been token deployments. There has been Namibia, Somalia, Rwanda and Cambodia. In Cambodia, apart from the commander, we really only had communicators contributing to that force. Yes, I think they have been token, but Timor is not. Timor is in a different category.

Senator FERGUSON—But it did prove that the structure was there to actually provide a deployment of a reasonable size, although you were critical. It is a bit unfair because you wrote the submission prior to Timor, but you did make that statement, and in fact we were able to deploy more than a token force.

Major Gen. Clunies-Ross—Yes, but my argument would be that we would not have been able to sustain it, if it had gone on for any period of time. I never had any doubt.

Senator FERGUSON—You did not actually say that, though. You just said that we would not be able to deploy more than a token force.

Major Gen. Clunies-Ross—When I say 'deploy', I really mean deploy and sustain. I never had any doubt that you could not deploy three battalions immediately or in some reasonable time, but whether you could sustain them over a reasonable period of time, no, I do not believe you could.

Senator FERGUSON—You also infer that hollowness of the units is a significant problem, and the Australian Defence Association has expressed the view that if the units cannot be manned and equipped within current resources they should be closed down. Do you have a view on this issue?

Major Gen. Clunies-Ross—The term 'hollowness' is one which I find a bit difficult. It means undermanned. For many years many Army units – and I will take infantry battalions, but other units are in the same boat – have been operating on reduced establishments. If you take the infantry establishment, the two battalions in Townsville have been on a so-called war establishment, which is full establishment of about 700 men. All the other battalions until fairly recently have been on a restricted establishment, which is about 550 men. Because you run an establishment of 550, inevitably the number of people you have on the ground is less than that. In many cases over a long period of time some of those units have actually fallen to a strength of about 450. That is below the level at which you can train adequately. You cannot really train adequately with under 500 men. The same argument applies to artillery, armour and so on. So there is a minimum level for peacetime training.

Mrs CROSIO—Can I just interrupt you? Why can you not train under 500?

Major Gen. Clunies-Ross—You can train, but you cannot train effectively because the strengths within your companies, platoons and sections are just too low. If you have, say, 450 men nominally on the ground in the battalion, when you actually go into the field you will go into the field with something less – some people are sick, some people have leave and so on and so forth. So you get down to a level where you cannot adequately train because you do not have sufficient people in your companies or your platoons.

That has been the traditional situation since Vietnam but, to some degree, that has been overcome over the last couple of years. The 3rd Battalion has been brought up to a better strength and, of course, these two battalions have recently been put onto a full strength establishment. I am not quite sure what the establishment is but it is at least nominally a full strength establishment. So that situation has, to some degree, ameliorated, but not entirely.

Mrs CROSIO—I am posing a question looking not only at your paper but also at some of the critical issues the Army is facing. If you are not going to get a large increase in the defence budget, to have the Army sustainability continue, do you think it has to come from within the structure of the Army? Perhaps I will put it to you as we have put it to others: does the professionalism coming from those who are directing how the money is being spent need to be overhauled as well? I suppose that is an unfair question.

Major Gen. Clunies-Ross—I am sorry, I am not quite sure what the question is.

Mrs CROSIO—I suppose I am looking at financing, reservists, the problem with financing, the structure of the Army and what you have with training. If at the financial structured level they are saying that there is no more money in the pot coming from this area, how would you see a restructure within Army itself taking place to feed those areas which you feel are sadly lacking in strategy?

Major Gen. Clunies-Ross—I do not believe it can come out of the Army establishment. Over the last few years, we have had this commercial support program going whereby the object has been to move people out of what is called the blunt end into the sharp end. I think that is an unfortunate term because it implies that you have a sharp end which is important and a blunt end which is not, but anyone who has had any experience will tell you that you have to have both an efficient sharp end and an efficient blunt end.

With the commercial support program, many of the administrative and logistic capabilities are being either contracted out or civilianised in some way. In principle, I have no problem with that. It is a question of how far you progress down that track. What has to be looked at is whether in fact at this point, and if we go further, we have sufficient capability to be able to deploy logistically.

220

Some lessons must come out of Timor. I do not know what the answers are as far as Timor is concerned, but post-Timor I would think one of the things the Army has to do is look at how the logistic system functioned in relation to that Timor deployment and in relation to the amount of contracting out that is being done. There is some anecdotal evidence to suggest they have had some logistic difficulties. Again, I cannot give you any firm figure on that because I really do not know. I would say quite categorically that I cannot see how the current Army structure could produce an increase in sustainability within current resources.

CHAIR—General Clunies-Ross, thank you very much for coming before the committee. It certainly added a lot to what has been a very, very interesting day. Can I thank you for your input, with both the submission and coming along today. Of course, you will get the *Hansard* in due course and, if there are any errors, please feel free to correct them. If there is anything the committee would like to follow up with you, we will put it in writing. Again, thank you very much, and thank you to *Hansard*.

Major Gen. Clunies-Ross—Thank you, Mr Chairman.

Resolved (on motion by **Mrs Crosio**, seconded by **Senator Ferguson**):

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

Subcommittee adjourned at 1.15 p.m.