



EXECUTIVE MINUTE

on

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT REPORT [No. 389]

[Review of Auditor –General’s Reports 2000-2001 Fourth Quarter-ADF Reserves]

General comments

The JCPAA Report No 389 provided four recommendations in relation to the ANAO report into Australian Defence Force Reserves (Audit Report 33 2000-01). Of particular concern to the JCPAA were issues regarding the roles and tasks of the Army Reserve, accurate costing of the ADF Reserves and attraction and retention of Reserves. Defence has been working towards the implementation of these recommendations.

Response to the Recommendations

Recommendation No.1.a paragraph 2.24

The Committee recommends that Defence review its Army Reserve structure in order to develop a more efficient and effective structure, which complements, rather than unnecessarily duplicates, capabilities that exist in the full time component.

The recommendation is supported. Army continues to review its force structure to ensure that it meets the demands of *Defence 2000*. Work is currently underway to ensure that both the Regular and Reserve components of the Army are optimised to meet both short and long-term needs.

The role of the Army Reserve was formerly limited to providing a mobilisation and expansion base for defence against attack on Australia. Changes described in the *Defence 2000 White Paper* now require the Reserve to also contribute to contemporary operations at home and abroad. This is achieved by providing **reinforcement**¹ to Regular units, **round-out**² capabilities for Regular units and **rotation**³ to replace Regular units in situations requiring operations of extended duration.

The present role therefore requires the Reserve to be structured along similar lines to the Regular Army. This is not needless duplication but reflects the requirement for the Reserve to reinforce, round-out and provide rotation forces while maintaining the latent capacity to expand on mobilisation. It is worth noting that Recommendation Five of the JSCFADT report ‘From Phantom to Force’ recommended that all force components should exist in

¹ The provision of individual personnel to fill vacancies within deployable forces.

² The provision of personnel and equipment to bring a deployable force up to operational standard.

³ The deployment of forces to replace forces returning from operations.

multiples of three. While Army disagrees with such a templated approach, the underlying requirement for a force structure that allows Army to concurrently deploy, prepare and reconstitute forces remains valid.

Scope does exist for some capabilities to reside solely within the Reserve as is the case now with the unique and important work of the Regional Force Surveillance Units in northern Australia. Other niche capabilities such as options for civil-military coordination are being examined. The introduction of new categories of Reserve service on 1 December 2002 will also improve the potential for the Reserve to complement the full time component by more effectively defining the availability of individuals rendering varied forms of Reserve service.

Recommendation No.1.b paragraph 2.24

The Committee recommends that Defence provide to the Committee formal six-monthly progress reports, separately from the Executive Minute process, on the progress of the review of the Army Reserve structure.

The recommendation is not supported. The utility of six monthly reporting is questionable. The ongoing enhancement of the Reserve is being conducted as part of Total Force development which is already the subject of a variety of reports to a range of Committees primarily focused on capability output and *Defence 2000* outcomes. Public results are available in the Defence Annual Report. Therefore Army would prefer to maintain the current reporting requirements.

Recommendation No.2 paragraph 2.40

The Committee recommends that Defence give urgent attention to developing its financial and management systems to enable it to provide full costing of the Reserve forces.

The recommendation is supported though it will take some time to implement due to complexities in separating costs. Defence uses the Reserves as part of the Total Force and their complex usage makes costing accuracy and extraction of accountability for such costs difficult. New financial and personnel management systems are being introduced which will assist in identifying costs but they have yet to reach maturity. Consultation will need to occur with the various stakeholders and further advice will be provided.

Recommendation No.3 paragraph 2.61

The Committee recommends that Defence commission an external study of the reasons for separation from the Reserve and commission further studies on this issue from time to time.

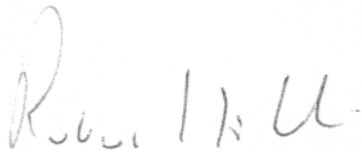
The recommendation is not supported as significant research by Defence has been conducted and information collected to understand and position Defence to overcome the reasons for

separation from the Reserve. Building on earlier studies and particularly the 2001 Reserve Attitude Survey, five areas of work have been progressed or completed by Defence in 2002 that focus on retention and reasons for separation. These include:

- Longitudinal Investigations on Retention Among Army Reserve Soldiers,
- Royal Military College (RMC) Longitudinal Study of Retention Among Army Reserve Officers,
- High Readiness Reserve Study,
- An analysis of existing research, policy and Defence initiatives to identify scope to enhance the transfer of permanent members of the ADF to the Active Reserve, and
- The development of the Defence Census and its conduct in March 2003 which will include Reserve Personnel.

As a result of these studies it is believed the conduct of another study would be limited in its utility at this time.

In 2003 an internal report drawing all the relevant information together under a Retention Research Decision Guide framework will be progressed. This will provide Defence with information in a form to most optimally address the causes of Reserve separation now and into the future.



Robert Hill
Minister for Defence