the particular case of the Navy, there are substantial and costly activities in the form of Naval refits which should be subjected to the same system of control, as to their eligibility for the Defence Programme, as a major new equipment. A similar situation could arise in respect of extensive modifications for the improvement of operational capability in aircraft of the various Services. The process of evaluating the alternative ways of achieving the operational requirements in a refitted ship or modified aircraft should be conducted centrally and not in isolation in an individual Service.

162. It has been necessary to pay special attention to satisfying the needs of the Chief of Staff. Activity directed by the Chief of Technical Services concerns the effective maintenance and repair of operational equipment in accordance with priorities which the individual Service operational staff, from the Chief of Staff downwards, must necessarily decide. These maintenance activities, which could be illustrated from the ship maintenance activities at Garden Island in Sydney, or the daily aircraft maintenance activities at air bases, should not call for detailed policy direction. These activities should not be impeded by interference from senior levels of the Department, but should be left to the single Service to deal with as a reconciliation of operational needs and technological and engineering considerations. Provided there is, in the interests of prudent use of resources, a system of appropriately limited delegations under guidelines concerning maintenance standards, there is no problem in providing for a substantial degree of Service autonomy in these matters.

163. In short, a Chief of Technical Services would have divided responsibilities (as, in a sense he does now in respect of his operational responsibilities to his Chief of Staff and his financial responsibility to the Secretary and, ultimately, the Minister of the Service Department).

164. A Ministerial Directive, addressed concurrently to all the senior elements in the Defence organisation and the Chief of Staff should establish the role which the Chiefs of Technical Services are expected to play, and their accountability to their Chief of Staff on the one hand, and the senior Supply and Support executive and the Secretary on the other. There would be a close analogy with the shared responsibility situation now prevailing in the Services.

165. During the exhaustive discussions of the reorganisation, the Chiefs of Staff of Navy, Army and Air Force indicated an appreciation of the objectives inherent in the notion of vesting the technical chiefs with dual responsibility, but they had a preference for the primary responsibility to be to the Chief of Staff. However, I have concluded that, on balance, I should recommend that the primary responsibility of the technical chiefs ought to be to the Secretary, so their professional expertise can be brought to bear on, and improved management techniques can be adapted and applied to, the defence task. This does not, in any way, preclude the technical chiefs from bearing full responsibility to their Chiefs of Staff for technical matters affecting single Service operational capability; nor impose any constraints on the freedom of access between them and their Chiefs of Staff, including membership of any advisory machinery which a Chief of Staff may see fit to set up.

Contracts and Quality Assurance

166. As a further step towards the elimination of overlapping and faulty policy control, quality assurance, which is dispersed among large staffs in the Services, should be centralised in Defence. At present, there is much duplication in the quality assurance activities of the Services — examples can be found in particular factories — and further opportunities exist for one Service to perform quality inspection on behalf of all others. The charge placed upon the Department of Defence to act as a co-ordinator and to promote rationalisation has, in this field like others, had only limited success because of a deficiency in authority and power of direction.

167. Quality assurance is pervasive during the lifecycle of a major equipment, from design to disposal; however, it is most significant at the time of procurement when quality requirements can be incorporated into contracts which can then be administered to assure compliance with those requirements from the outset. At present, however, the development of contractual provisions against the potentialities of industry to satisfy them and the formal process of letting contracts for Services and Defence purchasing in Australia (as distinct from most overseas purchasing) lies in a separate Department — the Department of Supply. There is a network of liaison machinery designed to overcome the obstacles of separation which needs to be simplified.

168. I propose, therefore, that the Directorate of Naval Quality Assurance, the Directorate of Naval Ordnance Inspection, the Directorate of Army Quality Assurance and the Air Force Directorate of Quality Assurance should be incorporated into a Contracts and Quality Assurance Division of the Supply and Support Organisation of the Department. Grouping of quality assurance staff with contracts staff is consistent with the close relationship which should pertain between the two and is also in line with overseas developments. Some significant staff savings should be achieved by the integrated organisation recommended. The Chiefs of Staff of the Navy and Air Force expressed a preference for the responsibility for quality assurance and the quality assurance staff to remain under the control of the separate Chief Engineering Officers. However, the Defence proposal was acceptable to the Army. I consider that it is better to draw the quality assurance policy level staffs together so that the full opportunity for rationalisation is available. The Chief of Naval Technical Services and the Air Member for Technical Services would continue to give directions on the quality standards to be applied.

169. The incorporation of the contracts staff into the Department which has the responsibility of developing and refining its own specifications and scheduling with an eye to the most economical way of satisfying Service needs, is strongly recommend-ed. With one organisation, policies can be developed which are more responsive to the longer term requirements of the Services and which, in complicated integrated construction processes (like ships), govern source selection with regard to quality and assurance of timely performance. This is an area where the interests of the taxpayer in the long run are likely to be served by concepts different from those applicable to source selection and contracting for other Government purposes.
Defence Facilities

170. It would be a substantial advantage to transfer into a functional organisation, serving all three Services, the Works Directorates of the Services and the present Defence Facilities Branch within the Department of Defence. This Branch has been the point of aggregation of Service requirements and their conversion into a positive programme to satisfy both the accommodation requirements of the men and women in the Services and the infrastructure of Naval, Army and Air bases as justified by the priorities in the strategic outlook.

171. A close link would be maintained between the Chiefs of the Services and their operational staffs on the one hand and their works staffs on the other. But central control is essential for the direction of policy taking into account Treasury procedures, financial limitations and the more general purpose, which is likely to assume greater importance, of contributing to community objectives as regards regional location, environment, and like matters. Moreover, consolidation of the Service works staff would permit better utilisation of limited civil engineering experts, who are not easy to attract. Other economies can be seen in the pooling of supporting staffs and facilities.

Control and Management of Government Factories

172. Defence factories undertake design, development and production of certain items of equipment, particularly aircraft, guns, ammunition and explosives. Their expertise is used in the modification of current Service equipment. The involvement of their expertise in the procurement process is particularly important for offset procurement. The workload of the factories, and the technologies they develop, are dependent almost entirely on orders from the Services.

173. Government defence production takes in the Department of Supply Division of Munitions Supply and Division of Aircraft, Guided Weapons and Electronics Supply. It includes not only the responsibility for the defence orientated government factories but takes in development of technologies, advanced weapons systems and other related projects.

174. The major part of government managed Defence production is performed by the Government Aircraft Factory and the Munitions Factories. They are constituted under the Supply and Development Act. In excess of 8,500 staff are employed in these factories, and there are about 700 staff associated with production at the Central Office in Canberra and at Regional Offices. The production factories in question are:

a. Government Aircraft Factory, Fishermens Bend;
b. Australian Government Engine Works, Port Melbourne;
c. Ordnance Factory, Maribyrnong;
d. Ordnance Factory, Bendigo;
e. Munitions Filling Factory, St. Marys;
f. Ammunition Factory, Footscray;
g. Small Arms Factory, Lithgow;
h. Explosives Factory, Maribyrnong;
i. Explosives Factory, Albion;
j. Explosives Factory, Mulwala;
k. Australian Government Clothing Factory, Coburg;
l. Defence Printing Establishment, Brunswick;
m. Northfield Machine Shop, Northfield;
n. Central Drawing Office, Maribyrnong; and
o. Guided Weapons and Electronics Support Facility, St. Mary’s.

175. Capital costs of these factories, including new and replacement plant and buildings and works, and the cost of production development related to new technologies are met from the Defence Vote. Actual operation of the factories is through a revolving Trust Account. However, when payments from the Service customers are insufficient to cover production and overhead costs, the difference is paid by the Department of Defence, in the nature of a subsidy, identified in the appropriations as Reserve Capacity. The Department of Defence must necessarily be closely concerned with the use of these funds and in the cost performance of the factories producing equipment bought from the Defence appropriations.

176. Until recently, the managers of defence factories have suffered the uncertainties of future ordering because of the lack of a Defence Programme extending over a period of years. The problem has been enlarged by separation of factory planning from Defence/Service machinery for deciding the expenditure programme.

177. There is a matter of basic long-term defence policy involved in the question of how many equipment orders should be diverted from overseas brand names to Australian sources, if necessary with a penalty in performance or delivery timing, to maintain in being, as part of the defence infrastructure of Australia, the specialist skills and plant which are unique to the Services and unavailable in private industry. As skilled production cannot be turned on like a water tap, a concept of creating capacity only at a time of threat has inherent dangers. Nor is it practicable to count on taking foreign origin equipment back to overseas facilities to do all the modifications and repairs that are called for. The problem remains of deciding at what level financial support to factory capacity is justified, and there is at present a high degree of unused capacity and dependence on the Services maintaining high levels of certain stocks. The relevance of these remarks is that the closer the integration of the management responsible for advising government on its expenditure priorities on the one hand, and management responsible for defence production on the other, the greater will be the likelihood of achieving a rational balance. Such a balance has to reconcile the preservation of local production facilities for current requirements, provide for whatever is judged to be the most likely scale and intensity of demand in a future war or a failure of alternative sources, and satisfy other competing demands for defence money.
178. The alternatives available to the Government for the control of the Department of Supply factories are therefore to incorporate them into the Supply and Support Organisation of the Department of Defence, or to transfer responsibility to another department. The incorporation of the Department of Supply Factories in the Supply and Support Organisation of the Department of Defence would add to the already formidable managerial burden falling on this area of the new Department. In relation to the second option, the disadvantages of separating the factories from their sources of funds and orders need no further elaboration. Management by a statutory corporation has some attractions but would not, of itself, avoid the constant dependence of factories for their survival upon government defence policy decisions and priorities made elsewhere, which would mean that the corporation would be dependent on government decision in the ultimate. Irrespective of the decision on disposition of factories, the Defence Printing Establishment should transfer to the Department of Defence.

179. The Government may wish to consider this question also in the context of the other enquiries which it has in hand concerning the potentialities for non-defence production in these factories, and the future location of responsibility for various aspects of government procurement.

Outline of the Supply and Support Organisation in the Department

180. Supply and Support is a very large and complex management task involving extensive resources of manpower, money and facilities with the challenge of making better use of resources, and introducing more economical managerial practices. The Senior Executive heading the organisation should be responsible to the Secretary of the Department. He would be required to be responsive to the supply and support requirements of the Chief of Defence Force Staff and the Service Chiefs of Staff. Because of the immense size and complexity of the responsibilities I would recommend that this appointment be opened to persons outside the Australian Public Service. This would permit any Service officer with the requisite qualities to be considered, and I would also recommend that enquiries be made in private industry for the unusual talents the job would demand.

181. The four major organisational groupings contemplated for this organisation, if defence production is conducted elsewhere, are:
   a. Supply (which would include responsibilities for movements and transport policies and standardisation and cataloguing);
   b. Technical Services (Engineering and maintenance);
   c. Contracts and Quality Assurance (including sales and aid); and
   d. Defence Facilities.

The addition of production responsibilities now in the Department of Supply would enlarge the task. Moreover, it would create the need for machinery to reconcile opposed policy interests that could arise within the same organisation — those concerned with customer interests and those arising from factory interests. A high level Defence Production Policy Committee would be required to advise the Minister.

182. With or without the production functions, the Senior Executive in Supply and Support will have substantial responsibilities:
   a. to ensure that the Supply and Support Organisation and systems are responsive to the requirements of the Services;
   b. to facilitate the provision, by the specialist staffs appointed under him, of directions and guidance to the Service Commands concerned with supporting the operations of the Services; and
   c. to provide advice on supply and support matters to other Defence staffs.

183. The proposed Supply and Support Organisation is shown in chart form at Annex G.
CHAPTER 7 — RESOURCES AND FINANCIAL PROGRAMMES ORGANISATION

184. The staff concerned with Strategic Policy and Force Development (see Chapter 5) would be concerned with planning and programming the output of defence activity — the defence capabilities possessed by the country.

185. The input of resources, expressed ultimately in dollars, and the management of such resources according to the disciplines of the Defence Programme and its priorities should be the responsibility of a suitable organisation under the Secretary. This organisation would also manage the annual appropriation in whatever form is decided after the merger of the Departments.

186. The two sides of Defence programming — force capabilities and employment of financial and manpower resources — must work closely together.

187. A Service is a widely dispersed management system. In the line of command under the Chief of Staff are made many of the Service activity decisions which draw upon or directly affect the annual votes for maintaining the Services, and indirectly the capital replacement requirements of the Services over a longer period.

188. Service officers need sound financial support; and financial restraints have to be imposed and oversighted.

189. The new Resources and Financial Programmes Organisation must at all times be responsive and accessible to the Chief of Defence Force Staff, the Service Chiefs and their staffs. It must be so organised and staffed that the present intimate relationship between the Service Chiefs and the Service Secretaries (and their respective staffs) is effectively replaced. It is cardinal to the proper exercise by the Service Chief of his responsibility to command his Service that he have ready access to financial advice and to financial data, and that he have the ability to ensure that the views and thinking of his Service are provided to the Resources and Financial Programmes Organisation and are taken into account at all appropriate levels, and at the formative stages of the development of the Five Year Defence Programme and the annual Defence Estimates.

190. Bearing in mind the continuing existence of the Navy, Army and Air Force as separate Services the question was carefully examined as to whether the functions proposed for this Organisation should continue to be structured on a single Service basis rather than organised on functional lines. It became evident that to do so would seriously impede the rationalisation of common financial functions and services. However carefully such an arrangement was regulated there would always be a fragmentation of departmental financial responsibility and authority, and an opportunity for duplication.
191. Creation of the Resources and Financial Programmes Organisation would affect the present concept of outposting representatives of the Service Secretaries in Branches of the individual Services in close association with Service officers. These outposted positions represent the Service Secretary in a wide range of functions and, in most cases, they exercise on behalf of the Service Secretary a regulatory control over the commitment of funds. In doing so they become involved to an extent in the formulation of policies within the Services reflected in use of resources. In their present role these advisers are needed to enable a Service Secretary to account to the Minister and Parliament in respect of his responsibilities to answer for the correct and proper use of public funds in all fields of administration. A substantial network of officers is so employed.

192. The proposed reorganisation would introduce a direct departmental involvement into the management of each of the administrative functions associated with supporting and maintaining the Defence Force. It would permit the concept of parallel employment of civilian and Service officers in the three Services to be thoroughly re-examined. Some of these outposted adviser positions would become redundant. Others would be absorbed into the Resources and Financial Programmes Organisation, or one of the other functional organisations being created, thereby permitting a more integrated and desirable management structure to emerge.

193. The centralised grouping of the functions proposed for the Resources and Financial Programmes Organisation would have two major benefits. First, there would be a more cohesive control of all the processes of financial management to reflect defence policy. Second, this grouping would provide a better perspective of the totality of Defence and Service activities, and their implications in terms of demand on resources and on levels of expenditure.

194. In recent years, substantial progress has been made in the Defence Group in assessing the financial implications of new proposals and their impact on the competing demands for resources, particularly in the areas of major equipment and works. Nevertheless, a significant proportion of the Defence Vote is expended on ongoing commitments which justify more systematic attention than they are now receiving. Moreover, the proportion is increasing. Resource analysis is performed in a fragmentary manner across the three Service Departments, Defence and Supply. The Resources Policy and Planning element which is being recommended would provide for better analysis. It would be in a unique position to analyse the recurring expenditures which comprise the bulk of Defence spending, and to recommend ways and means of establishing more economical or efficient use of resources. In performing this function, it would work in close association with those elements of the Strategic Policy and Force Development Organisation which have a prime responsibility for the development of priorities in total force capability, thus ensuring that judgements on the opportunity for reallocation of resources would be made in the knowledge of their results on the capability of the total Force.

195. Associated with the Resources Policy and Planning function would be a Programming function, which would develop in quantitative terms and manage the Five Year Defence Programme. The significant change brought about would be that the Service bids for funds and resources would be fed direct into the Defence Programme process rather than through a prior stage of formulation on a single Service basis and subsequent negotiation with Defence. A general procedure has been devised for this new situation. It has been endorsed by the Service Chiefs, and the change is expected to be more satisfactory from both a departmental and Service viewpoint and to lead to some economy of effort in the development of the Programme. The respective place of the Regional Offices and Commands and the departmental and Chiefs of Staff organisations in Canberra have been similarly discussed and agreed with the Chiefs of Staff.

196. Each year the Resources and Financial Programmes Organisation would request the Chief of Defence Force Staff and the Chiefs of Staff of the three Services to review their plans of activities for the coming year and to advise the activity levels, consistent with Ministerial and financial and resources guidance and other priorities within the Defence Programme, which would be used in the development of Programme projections and the annual Estimates. These activity levels would include such items as planned steaming hours, flying hours, major exercises and manpower proposed to be allocated to the elements/activities of each Service.

197. A concept underlying the Five Year Defence Programme is that the process should be a "rolling" one, with each year of the Programme moving forward to form eventually the basis of the Defence Estimates of a particular financial year. The translation of the first year of the Programme into a detailed and precise plan of authorisation and expenditure must take account of all current factors which bear on the level of funds required by the Department.

198. The process of estimating funds requirements currently originates within the separate Departments, with Defence exercising a co-ordinating and integrating role during the development stages. The existence of separate Departments has, however, made the total process of estimating funds requirements rather unsatisfactory. For example, the cost of services common to all Departments has been first estimated on a single Service basis and then aggregated within Defence.

199. There has also been duplication of effort in the control of total Defence expenditure. Each Department has funds appropriated to it by Parliament and has, in its own right, statutory responsibility for the control and proper use of these funds. As a consequence each Department has maintained separate financial organisations performing the same range of functions.

200. With the merging of the Departments, the control of the total Defence Appropriation and responsibility for development of the departmental Estimates will reside in one single budgeting area. This arrangement would necessarily result in uniformity in the processes of developing, scrutinising and balancing the competing bids for funds. It would also enable a reduction in the number of expenditure control appointments throughout the central and regional areas of the Department which in turn should assist the process of reviewing expenditure and analysing cost movements.
201. A Guiding Principle stated by the Minister for Defence was improvement of the presentation to Parliament of the nature and cost of the various defence functions carried out in the three Services and Supply. The format for the Defence Estimates is still under discussion with Treasury, with the aim of attaining the maximum degree of functional classification compatible with overall Treasury objectives. At this stage it is unlikely that the heads of expenditure would be allocated on a single Service basis, except for Service pay. However, for internal purposes, where required, there would be identification within each significant element of expenditure of the amount applicable to each Service.

202. By reason of the independence of the separate Service Departments, their financial procedures, although consistent with Treasury Directions and Regulations and Defence guidelines, vary greatly in detail. A major initial task of the Resources and Financial Programmes Organisation must be to unify all current financial policies and procedures and introduce standard practices.

203. Besides the advantages to Defence itself, standardisation should also be of benefit to contractors and suppliers to Defence.

204. An existing major financial activity is the performance of the regulatory processes for the control of funds and the payment of accounts. At present these processes involve some 730 personnel located both centrally and in the regions. The integration of the Defence and Service Departments provides an opportunity for improving efficiency and achieving worthwhile staff economies by combining and restructuring those sections of the Departments involved in these regulatory processes.

205. A major aspect in the total process of financial management is the delegation from the Minister of authority to uniformed and civilian officers to incur expenditure on behalf of the Department. Currently there are major variations in the level and spread of delegations between Service Departments and between the Services. This situation has arisen largely from the independent procedures and processes operating.

206. Combining the activities comprehended by the existing separate Departments entails a complete re-examination of financial delegations to fit the concepts of the new organisation. No immediate major changes are proposed at the outset, but a pattern of consistent and more appropriate delegations would be introduced concurrently with the staged implementation of the reorganisation.

Outline of the Proposed Organisation

207. Since the functions of the Resources and Financial Programmes Organisation are within the responsibilities of the Secretary of the Department, the head of the Organisation would be responsible to the Secretary in all matters.

208. The head of the Organisation should be at a level consistent with his responsibility to the Permanent Head for financial management of the Five Year Defence Programme and accountability under an annual Defence Budget expected to be in excess of $1300 million, where five Permanent Heads are now involved; and consistent with his responsibility for review and analysis of the totality of resource allocation within the Department and the Services, and the use of the heavy investments in plant and installations of all kinds.

209. It is contemplated that there should be two major divisions within the Resources and Financial Programmes Organisation: one dealing with the policy aspects of resource allocation and with financial management of the Five Year Defence Programme; the other dealing with Budgets and annual Estimates and financial services. In addition, the internal audit staff would form a third grouping with separate identity in order to afford the Controller of Internal Audit the maximum degree of independence.

210. Ten components are contemplated to deal with the following subjects:
   a. Resources Policy and Planning (three components, initially on a single Service basis);
   b. Programme Development;
   c. Programme Control;
   d. Budgets and Estimates;
   e. Funds Control and Review;
   f. Financial Administration;
   g. Financial Accounting; and
   h. Costing.

In addition Internal Audit would be controlled by an officer of senior status.

211. Defence Department Regional Offices would, on a delegated basis, assist in some of the activities described; they would provide financial advice and assistance to senior Service officers in the region; they would also maintain financial services such as accounts offices and field cash offices and would be responsible for the conduct of internal audits in the region.

212. The proposed Resources and Financial Programmes Organisation is shown in chart form at Annex H.
CHAPTER 8 — MANPOWER ORGANISATION

213. On 30 June 1974, the Services on current planning will contain some 70,000 uniformed personnel. Civilians in or attached to relevant Services and Departments will, in round terms, be as follows:

- Navy: 10,000
- Army: 10,100
- Air: 4,300
- Supply Department engaged in defence research and development, supply and contracting, and management of defence production (excluding day labour): 7,300
- Defence Department: 1,800

Total: 33,500

214. The maintenance cost of the total of 103,500 Crown employees employed in performing the Defence function — servicemen and civilians — would be around $690m. This represents some 53 percent of the outlay on Defence. (In addition there would be some 12,000 civilians paid from Trust type accounts in the Supply factories and Naval dockyards.)

215. Policy towards manpower needs central treatment as an input to the defence capability of the country. It needs central examination, by appropriately qualified persons (service and civilian), of the effectiveness to which it is being put. The present organisation maintains deep divisions as between one Service and another.

216. Because there is a large (although clearly not universal) degree of substitution between civilians and servicemen in employment tasks, particularly in a low threat situation, it is necessary to bring together in one place the development of employment policy in respect of civilians as well as servicemen.

217. The Manpower function also involves industrial policy, the principles of wage fixation for the Services, and other aspects of employment which are described in more detail in subsequent paragraphs.

218. But at this point it should be remarked that also closely linked with questions of manpower policy are the service and the careers and welfare and family life, the education, and the post-service care of a large number of men and women.

219. In the organisation proposed there has been much discussion of the extent to which it is desirable to transfer to higher level Defence, under the Secretary or the Chief of Defence Force Staff, those responsibilities in the personnel field which essentially involve individuals in their Service groupings and occupations. The appointment
of a two-star officer in the Department and the replacement of the three two-star Chiefs of Personnel in the Services with less senior officers was discussed, but this was abandoned. It had always been intended that the management of the careers and discipline of members of each Service should remain with that Service, and the Chiefs of Staff felt that this required the attention of a two-star officer in each of the Services. In these circumstances a two-star appointment in the Department is not required.

220. At the same time it is agreed that there are important functions which ought to be performed centrally subject to there being the right distribution of military and civilian staff appointments.

221. One of these is analysis and control of establishments — by which is meant the positions at various ranks and classifications — which make up the total military and civilian employment. It is also acknowledged that there has to be a proper distribution of responsibility between higher level Defence control, and the right of the Chief of Staff and his commanders to man units according to requirements set by tactical, safety and many other determinants which are the business of the Navy, Army and Air Force.

222. Each Service is at present largely autonomous in investigating and approving proposals to create or vary the level of positions in that Service. There is no consistency amongst the Services as to how they go about this task and therefore in the results that come of it. Unlike other areas of Crown employment, there is no investigating authority which is external to each Service, and to the Public Service officers supporting it, charged with the duty, using common criteria, to review or give guidance on the justification for establishment proposals.

223. It is true that any additions to two-star and three-star positions, and since July 1972 additions to one-star positions, require the Defence Minister's approval and are submitted to the Department for advice. But it needs to be added that the Department has had limited staffing capacity with which to make judgements upon such matters falling under the oversight of Service Ministers in the past. It has not as yet organised a full scale analytical examination of the functions and responsibilities contained in the 31 two-star and three-star positions and the 88 one-star positions in the three Services. Stimulated by the views expressed by the Kerr Committee, sample job evaluation has begun and there is some work being carried out within the Services on job analysis, which needs co-ordination. But much more requires to be done in this field and the Department of Defence must be appropriately staffed and organised to do it. It is not so organised at present.

224. There is a need for Defence examination by an appropriate mixture of servicemen and civilian experts, on the size and rank and occupation structure of the Navy, the Army and Air Force.

225. In the first place, there is the practical necessity to use, and to reward equitably, an immense variety of skills. This arises in part from modern technology. Sophisticated equipment characterises the operations of the Navy and the Air Force and, in lesser quantity, the Army. In addition to requiring pilots, ship commanders and artillery and infantry officers, the Services need electronics officers, education officers, surveyors, psychologists, catering officers and similar supporting groups. The multiplicity of trades in the Services is symptomatic of the technological complexity of weapons and defence systems. Apart from the combat skills, the pattern of occupations has some similarities with that of a very large civilian industrial undertaking. The trades include technicians in several fields of communications and weaponry, and in the more general skills such as vehicle maintenance, catering, printing, fitting and turning, carpentry, stores control, and clerical. The point is demonstrated by the fact that while some thirty percent of the total Army strength is in the field force units, the remainder is in so called support occupations.

226. A logical consequence of Government decisions following the reports of the Committees presided over successively by Mr. Justice Kerr (as he then was) and Mr. Justice Woodward is to create, for the first time, one central point in the Defence administration dealing with the size and structure of establishments, and with the ranks to be assigned to functions found to be necessary. The Kerr and Woodward Committees developed a series of principles to govern the determination of Service pay. One of the most fundamental is that, in the interests of wage justice for servicemen, including their understanding of how their pay is assessed, and of the orderly development of cognate pay structures, rates of pay should reflect the actual tasks and responsibilities carried out by servicemen and servicewomen. It therefore follows that, for that principle to be given full effectiveness, there must be machinery and processes to evaluate Service establishments and the functional arrangements on a common basis.

227. The second reason for having an independent but informed review of Service establishments is economy — to ensure that a scarce community resource (of which the Services use a not insignificant share) is put to its most efficient use. The high cost in public money of training men in some skills is a further reason for scrutiny of Service employment practice. Review procedures should aim at the most effective allocation of tasks to be performed both within each Service and as between the Services; the consistent application of correct ranks to positions throughout the Services; and the systematic quantifying of numbers of personnel needed to meet the Services' commitments.

228. The approach recommended should, if conducted objectively by well-informed personnel, be a constructive aid to Service Chiefs in the command and organisation of their Services with the resources they get. Already the sample Job Evaluation Studies conducted by the Department of Defence are suggesting that there is a wide disparity of responsibility as between one task and another performed by servicemen of the same rank. This may call for changed practices in future. Evaluation of the need for, and the form of, Service positions should help materially in identifying the quality and potential to be sought in recruits; the form and level of training — and training is a major Service activity in peacetime — necessary for the various Service occupations; and the kind of manpower training needed to produce requisite skills and abilities. It might expose occupations where, in the foreseeable strategic situation, the less expensive employment of civilians as an alternative to Service personnel would be acceptable.
higher Defence organisation should concern itself with the development of policies between the Chief of Staff and Training Command (where the Service has one). The General of Training and Education Policy should intervene in the line of command. Training and Education Policy, could also manage those aspects of training which develop officer education policies which look to the future, and which raise standards. Justice Kerr's Committee recommended that measures be taken to effect improve-
ment, such as overseas training and exchanges, and tri-Service training. This understanding has been lacking in the past and Mr Justice Kerr's Committee recommended that measures be taken to effect improve-
ment. This is needed at all levels.

230. An effective relationship must be sought with the Personnel Branches of the respective Services, so that there is disseminated throughout our dispersed Services an understanding of the methods and principles of determining establishments and pay and conditions of service. This understanding has been lacking in the past and Mr Justice Kerr's Committee recommended that measures be taken to effect improve-
ment. This is needed at all levels.

231. The Department of Defence lacks adequate staffing and an adequate mandate to develop policies, and to co-ordinate activities, for the education and training of members of the Armed Services at all levels. While doubtless much training is best carried on in the environment of the individual Service there are areas and levels of training and education which should be approached on a common basis.

232. Historically, each Service has developed its own higher training establishment. Only in recent years has there been established an Australian Joint Services Staff College, in temporary quarters. Plans are being developed for the adequate permanent housing of this and related single Service colleges. Already questions are being raised about the adequacy of the curriculum and duration of some of the courses designed to prepare officers for higher commands, and for preparing Service and civilian officers for the responsibilities for policy advice to Government, and for higher management, which will increasingly fall to them in an integrated Defence organisation.

233. It is desirable to establish in the Department of Defence a Branch which will develop officer education policies which look to the future, and which raise standards commensurate with the upward movement in other professions and consistent with the complexities of the policy judgements many Service officers nearing the top of their careers are likely to be required to make.

234. Such a Branch, which would be headed by a one-star Director-General of Training and Education Policy, could also manage those aspects of training which require co-ordinated control, such as overseas training and exchanges, and tri-Service training. As in other parts of the organisation it is not contemplated that the Director-General of Training and Education Policy should intervene in the line of command between the Chief of Staff and Training Command (where the Service has one). The higher Defence organisation should concern itself with the development of policies and the oversight of their implementation when they have been approved.

235. It is appropriate to incorporate in the Manpower Organisation responsibility for senior postings and promotions of servicemen and the co-ordination of personnel policies to be applied by the Personnel Branches of the individual Services; and the ad-
ministration of the civil personnel currently employed in the four Departments mainly under the Public Service Act but also including the Naval Defence Act.

236. It is essential for the Minister for Defence and the Government that there be planned objectives, as well as analysis and comment on the bids by the three Services for approval, in Defence Programmes, of the force levels which they believe to be justified. These two separated but related aspects of manpower policy require Defence staffing, backed by research studies. In a system of voluntary recruitment in an economy of full employment, attention will need to be paid to the implications for the economy as a whole, of the force levels which Defence planners seek to justify on the basis of the strategic outlook; and at the same time this concern will need to be recon-
ciled with individual motivations, career prospects, and preservation of the standing of the Services in the community for the purpose of attracting and retaining the kind of men and women needed.

237. A further requirement is an accurate analysis of the manning implications of weapon systems under consideration for purchase, and of maintaining, testing, modifying and operating them. The implications for manpower should weigh heavily in government decisions, particularly in long life systems such as ships and aircraft. A practical example is the effect that ship design and weapon selection have upon the size of crew — and hence on the cost of the vessel during its commissioned life.

238. When deciding the distribution of functions between civilians and Service offi-
cers in the Department of Defence Manpower Organisation, several aspects would need to be borne in mind. First, some manpower management questions referred to in this report call for an advanced understanding of industrial principles that are part of the fabric of Australian employer/employee traditions and practice. Second, they would also call for objectivity in the analysis of issues which affect the personal advan-
tage of Crown employees. Third, the effect on the profession of arms, where the management skills and career prospects of servicemen are involved, must be held in mind.

239. The servicemen should have confidence that the system shows comprehen-
sion and understanding of their problems and legitimate career interests. A distribution of function has been made in respect of the matters described in this chapter as between the Secretary of the Department of Defence and the Chief of Defence Force Staff on the basis of some responsibilities being exclusive to one or the other, and some being shared. The distribution of functions has been accepted as sound by the Chiefs of Staff but subject to their views in paragraphs 241 and 242 below.

240. The distribution of functions in the fixing of Service pay was laid down by the Government as a system of balances. While on the one hand the principal adviser to the Minister for Defence — in effect, the employer — will be a civilian (although ad-
vised by a committee upon which the Service two-star Chiefs of Personnel will sit), the individual Service would, on the other hand, always have the right of initiating
proposals for improvement and of arguing them in committees. More than that, the Government laid down that, after exhaustion of all possibilities of reaching a common view with the Defence Administration, the Service Personnel Member (now to be Chief of Personnel) would have the right (subject to him receiving appropriate senior management support in the Services) to ask that the question be referred to an independent Committee of Review presided over by a judge. I do not consider that the appointment of a Service Officer as the head of the Manpower Organisation would be consistent with the preservation of this balance of interests in the processes of determining financial conditions of service. To alter it would, I suggest, require re-examination by the Government of the whole process.

241. The considerations in the preceding paragraphs strongly suggest to my mind the desirability of the head of the Manpower Organisation in the Department of Defence being a civilian with appropriate qualifications. The Chiefs of Staff expressed their support of the organisation, and accompanying arrangements that I have described, with the reservation by two Chiefs of Staff that the position of the head of the Manpower Organisation should be open to all applicants, including Service officers. The third Chief of Staff raised no objection to my proposal for a civilian appointment, but expressed doubts as to its acceptability. The Chairman, Chiefs of Staff Committee expressed himself as willing to accept the organisation as proposed.

242. In discussing the appointment of a Controller of Establishments responsible to the head of the Manpower Organisation, the Chiefs of Staff also emphasised their concern to ensure that each Service has control of the structure of its Field Force or similar operational units and this concern would need to be respected in the operation of the system.

Outline of Manpower Organisation in the Department

243. The head of the Manpower Organisation would be responsible to the Secretary of the Department for most matters; to the Chief of Defence Force Staff in respect of some; and to both officials in respect of others. The detailed arrangements may need to be the subject of a Ministerial Directive, but would be broadly as follows:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Proposed Allocation of Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Senior postings and promotions</td>
<td>Chief of Defence Force Staff and Secretary (presenting joint views to the Minister on Chief of Staff recommendations).</td>
</tr>
<tr>
<td>b. Matters pertaining to ceremonial, honours and awards and similar non-resources questions</td>
<td>Chief of Defence Force Staff (to the Minister where policy is involved).</td>
</tr>
<tr>
<td>c. Control of Surgeon-General</td>
<td>Chief of Defence Force Staff.</td>
</tr>
<tr>
<td>d. Military training policy and education policy</td>
<td>Chief of Defence Force Staff and Secretary (presenting joint views to the Minister).</td>
</tr>
<tr>
<td>e. Manpower policy objectives and requirements (not involving Defence Programme).</td>
<td>Chief of Defence Force Staff and Secretary (presenting joint views to the Minister).</td>
</tr>
<tr>
<td>f. Defence industrial (including terms and conditions).</td>
<td>The Secretary (to the Minister, conveying Defence [Conditions of Service] Committee advice where consulted).</td>
</tr>
<tr>
<td>g. Civilian establishments under the Public Service Act: (1) Senior levels; (2) Other levels.</td>
<td>The Secretary (to the Public Service Board after consultation with Chief of Defence Force Staff).</td>
</tr>
<tr>
<td>h. Other civilian establishments (under Naval Defence, Supply and Development Acts).</td>
<td>The Secretary or his delegate (to the Public Service Board after review by machinery under the Controller of Establishments).</td>
</tr>
<tr>
<td>i. Service establishments: (1) Senior levels; (2) Colonel/Group Captain/Captain (RAN) levels; (3) Other levels.</td>
<td>Chief of Defence Force Staff and Secretary (presenting joint views to the Minister). Defence Central Establishments Committee (under delegation from the Minister).</td>
</tr>
</tbody>
</table>

244. The Head of the Manpower Organisation should be at a level which enables him to exercise policy authority over the Chiefs of Personnel in the Services and the two-star and one-star Service officers who are contemplated in his organisation.

245. It is contemplated that, under the Head of the Organisation, there would be three divisions: Industrial; Establishments (two-star officer); and Personnel Administration and Policy. (The Personnel Administration and Policy Division would administer all civil personnel and be responsible for policy direction in respect of Service personnel. It would control senior postings and promotions by approved procedures. A further function would be the policy direction of military and civil training and education, including management of tri-Service schools and colleges).

246. Eleven components of the Manpower Organisation (five proposed at one-star level and six as senior public service positions) are contemplated as follows:
CHAPTER 9 - ORGANISATION AND MANAGEMENT

251. The new Defence Department would be expected to provide organisation and management support to the Navy, Army and Air Force and to the civilian elements proposed in this report.

252. Some of this support is of the kind conventionally designated as management services, already in existence. There is now the opportunity to strengthen it where justified. Some new support will be required because of the new milieu of the Department. In addition there are additional functions which must be accommodated after due approval. Summarised, the activities needed are:

   (1) Management Review.
   (2) Industrial Engineering.
   (3) General Services.
      (a) Registries.
      (b) Libraries.
      (c) Statistics.
      (d) Printing and Reproduction.
      (e) Office Accommodation.
      (f) Travel.
   (4) Security.
   (5) Legislation.


c. Organisation and Special Studies.

d. Defence Regional Offices.

e. Australian Defence Communications System (new function).

253. All of these activities require central control and co-ordination so that the required high level of service can be planned, developed and provided. I propose that this control and co-ordination be located in an Organisation and Management Services functional grouping in the Department of Defence in Canberra, and in Regional Offices suitably composed to support Service commands and units and civil establishments in their vicinity. Operating elements of the Organisation, such as registries and libraries, would remain in close proximity to those they serve, subject to better co-ordination and standardisation of practice.

254. An amalgamated staff of something over 1900 would, on my estimate, be required to man the Organisation and Management Services functional group. Later it would absorb further staffs, both military and civil, as and when the fixed parts of the
Navy, Army and Air communications systems are taken over and further developed into the future Australian Defence Communications System (ADCS).

255. Because of its size, the variety of its functions, and the technical nature of many of them — communications, computing services, industrial engineering, legislation — and the dependence of the Services and the departmental military and civilian executive on its efficiency, this Organisation should have at its head a widely experienced person of high managerial competence.

256. I turn now to more detailed discussion of the major activities described above.

Management and General Services

257. The Management and General Services Division would absorb activities that are currently part of the responsibilities of various senior officers in each of five departments, and which are at present carried out with a wide variation in quality, scope and responsiveness.

258. The new organisation is aimed at providing greater specialisation and a higher level of management control to attract good senior men into these areas which would have such a profound effect on the working efficiency of the large and complex departmental structure which is being created.

259. Some particular aspects of the suggested reorganisation of the management and general services function need to be mentioned:

a. Information Control. Each of the departments of the Defence Group operates a central registry. There are also 27 other central-type registries and 30 sub-registries containing, in all, some 600,000 files in the Canberra area and about 1.5 million in the Melbourne and Sydney areas. A new system will have to be established to meet the requirements of the new organisation — one that will provide for a quick and accurate response to Parliamentary demands for information and executive requirements; and will enable more liberal sharing of information, yet respect the needs of specialised areas and safeguard the exclusive privacy of certain types of personnel information. In view of the bulk of correspondence, special arrangements may be needed for speedy and flexible access to files and documents. The application of modern computing, communications and display methods to the registry processes must be a matter for detailed attention.

b. Libraries. The Defence Group has about 90 libraries and sub-libraries. The Army and the Department of Supply have well developed and centrally controlled library services, the latter predominantly of a technical and scientific orientation. The Defence Library has recently been reorganised. Libraries are valuable facilities but they are only justified by their use. I contemplate the establishment of a single, centrally controlled service offering standard procedures, better training, pooling of funds, a co-ordinated point of reference, and specialised information services.

c. Statistics. Apart from the Department of Air, which has an effective centralised statistical organisation, the statistical function within the Defence Group suffers from inconsistency, duplication, and uncrirical examination of needs. This function should be placed on a completely centralised, co-ordinated basis commanding professional expertise of a high level. Provision must be made for quality statistical information to serve policy making as well as single Service managerial needs.

d. Security. There is a need for much stronger central policy, control and co-ordination of both civil and military security measures and practices. These responsibilities will be placed in a central Security Branch headed by a one-star military Director-General who would control three Directors of Security — Navy, Army and Air Force — who would also have direct lines of responsibility into their single Services. The Director-General would also have direct access to the Chief of Defence Force Staff and Service Chiefs of Staff as appropriate. These arrangements would provide a central focal and directing point and should greatly tighten the overall security network, raise awareness on security matters to the necessary level and generally bring consistency to their treatment.

e. Legislation. Legal and legislative advisory services are presently provided in the Department of Defence by a recently established Sub-Office of the Crown Solicitor, concerned with international agreements, defence contracts, Crown privilege, and like matters; and a Legislation Branch concerned with policy, review of defence legislation and the preparation of instructions to Parliamentary Counsel. Both the Sub-Office and the Legislation Branch should be continued and expanded to cope with the total legal activities of the new organisation. I propose that Navy and Air civilian staff engaged on legal and legislative work, and such Army legal officers as are engaged on non-military legal matters, should be absorbed into the Legislation Branch. It is important that this legal staff be readily accessible to top management, and be orientated towards assisting with management decisions, whether relating to contracts, property, or other important matters. Military legal matters arising in the Service personnel area, such as those of a disciplinary nature, would of course remain with the single Services as a responsibility of personnel management.

Computing Services

260. Electronic data processing has, from its first application to activities in the three Services, been subject to close co-ordination and technical control. Administration of each Service is heavily dependent on the processing systems now in use to the point where fighting efficiency now depends to an extent on computer services. Administration in this field must be correspondingly important. Nevertheless, due to departmental autonomy, the best use of resources has not been fully achieved, various legacies in system design remain to hamper the co-ordination of systems, and priorities and rates of progress are difficult to align. Furthermore, management has not involved itself in the development and subsequent auditing of the performance of its computer systems as much as desirable. Better project control, reporting and documentation are needed in the function.
261. It is now vital that adequate computing services be maintained to support the immediate needs of the three Services and the Defence Department, and to match the much greater consolidation of managerial control now contemplated. Existing arrangements would permit the transition from various departmental organisations into a single computing division. Immediate substantial gains in effectiveness would arise from the pooling and re-location of staff, the abolition of many co-ordinating committees, and the more co-ordinated scheduling of computing capacity.

262. To remove the current ambiguity in demarcation of responsibility, I propose that functional responsibility for all computing services be contained within a new Computing Services Division. This responsibility should relate to all requirements for management EDP systems, scientific, technical and educational computing services, computing support of weapons systems and combat operations, external bureaux and consultancy services and the general support and advice relating to these requirements. The responsibility of the division would of course not extend to the operational control and use of weapons and combat computing systems, but it should be involved in the provision of development and support services for them and assist in their specification and acquisition.

263. The integration of all these services into one organisation responsible for the total range of computing activities, now distributed over several autonomous departments, would bring together almost 1000 staff. It would require some strengthening of the policy and managerial staffs. A suitable high level steering committee would need to be set up to bring together the various functional interests of the Department and the three Services, and to determine computing priorities.

Organisation and Special Studies

264. The existing Defence Reorganisation Study Group was set up especially to assist me in the development of proposals for the integration of the Defence Group of Departments. Elements of this Group should remain in existence to supervise the implementation and extension of the reorganisation, the working out of which will continue as a dynamic exercise for some years. By standing outside what will be a very pre-occupied line organisation, it would be able to compose task forces for investigation and solution-finding; and lead special studies directed to realising the greater efficiency the new organisation is designed to achieve. I propose, therefore, that such a group should continue, renamed the Organisation and Special Studies Division. It would absorb some present Defence Department staffing.

Regional Offices

265. The integrated arrangements proposed for the Department of Defence in Canberra would need to be reflected in other areas where activity of a defence nature is concentrated. I therefore recommend the creation of a series of Defence Regional Offices and/or Sub-Offices, drawing together the staffs of the three other Departments. One such Sub-Office, for example, would be in Townsville, which is being developed as a major location for Service installations. The detailed organisations required in each of the regions have yet to be developed but are being directed towards the following objectives:

Outline Proposal for Organisation and Management in the Department

268. It is contemplated that there would be three divisions and a totally new communications system management organisation under the senior executive dealing with this organisation on behalf of the Secretary. The divisions would be Organisation and Special Studies; Management and General Services; and Computing Services. The Defence Communications Service would be under a general manager whose technical responsibilities would require an experienced communication engineer at senior second division level. This requirement has arisen independently of the reorganisation.

Australian Defence Communication System

266. The rationalisation of Defence communications was the subject of study by a Steering Committee chaired by a senior member of the Australian Post Office for two years prior to June 1973, when the report by the Committee was presented. The proposals made by the Steering Committee have been agreed by the Chiefs of Staff, and by the Defence Force Development Committee, and are presented in this paper unchanged as a new function rather than an outcome of the reorganisation study. The Chiefs of Staff were concerned, however, that in placing the proposed new Australian Defence Communications System (ADCS) in Organisation and Management Services, their access to it for operational purposes should not be prejudiced. To meet this point the Steering Committee proposed that the Australian Defence Communications System should operate under the supervision of a Management Committee, composed of senior representatives of the user organisations, and the Defence Force Development Committee (now proposed to be re-titled the Defence Programme Committee), at the highest level of control in recognition of the operational and command responsibilities of the Chiefs of Staff. Arrangements accordingly will be instituted when the new management structure for the Australian Defence Communications System is set up.

Contingencies

267. The scope and diversity of the functional responsibilities discussed in this chapter will naturally be affected by the decisions taken on the future location of the defence scientists and the defence factories referred to elsewhere, each of which involves important requirements for management support. Essentially what would be involved is the expansion or re-location of existing responsibilities rather than the development of new ones.
269. Nine substantial components are contemplated within the three divisions and the communications organisation. Two of these components — one dealing with security matters and the other with the operations of the communications service — are deemed to require one-star appointments. Of the other seven components, one is a Sub-Office of the Crown Solicitor attached to Defence. The other six are deemed to justify second division public service appointments.

270. The nine components contemplated would deal with the following subjects:

a. Organisation and Special Studies.

   (1) Management Review.
   (2) Industrial Engineering and Value Analysis.
   (3) General Services (registries, libraries, statistics, office accommodation, etc).

c. Legislation.


e. Security.*

f. Computer systems.
   (1) Manpower, General and Planning Systems.
   (2) Systems Co-ordination.
   (3) Finance and Logistics Systems.

g. Computer Operations and Support.
   (1) Computer Operations. Ø
   (2) Computer Support.

h. Communications Planning.

i. Communications Operations.*

(Note: * denotes military position, Ø denotes optional military position.)

271. Some of the organisation and management review activities would be related to the establishment control activities carried out in the Manpower Organisation and a formal committee arrangement would be used to provide an adequate link between these activities.

272. Within the proposed security organisation there would be three Directors of Security — Navy, Army, Air Force — to be responsible for the security matters of their respective Services. These officers would be responsible to the Chiefs of Staff as well as to the Defence Director-General of Security.

273. The Computing Services Division would be integrated as a single Defence facility to cater for combined Defence and Service needs. The Chiefs of Staff and their staffs would continue to have direct access to the Division. A suitable committee, representative of all users, would be used to determine computing priorities.

274. The Defence Regional Offices which are being proposed to provide the necessary range of decentralised departmental support to the local Service commands and units, and civil establishments, would be responsible directly to the head of this Organisation, although particular officers in the Regional Offices would have functional responsibilities directly to the relevant parts of the department in Canberra.

275. An organisation chart depicting these proposals is at Annex J.
CHAPTER 10 — ORGANISATION FOR RESEARCH, DEVELOPMENT, TRIALS AND EVALUATION (RDT&E)

276. A new organisation is required for the deployment of Australia's existing defence scientific and engineering skills to the achievement of military capabilities according with Government policy. Scientific research and engineering development in the military field overseas are not always, or even often, directed towards the necessities of Australia's defence posture, size, and geography. Even though the fullest use be made of overseas and academic researches it is necessary to seek a high professional standard and a strong motivation towards innovation within a strictly controlled set of defence research establishments.

277. The application of science to Australian defence requires a spectrum of activities ranging through basic research, applied research, development, military analysis, and trials and evaluation. Basic research is needed to meet the long term trends; within defence laboratories it is restrained to defence needs and takes place in those areas of science which are not filled by civil agencies or by the accident of academic interest. Applied research is directed at more immediate problems of Service maintenance and usage, or work preliminary to the development process. Development in-house is conducted when industry lacks capability. Analysis, trials and evaluation are important to ensure proper selection and tactical use of equipment.

278. In each of these activities the highest scientific and engineering skills are employed in various establishments dedicated to national defence requirements. The existing activities are deployed in the Departments of Defence, Supply, Navy, Army and Air. Over 7000 persons are employed and the annual expenditure (including the Australian-British Joint Project at Woomera) exceeds $60m. Of these employees, some 1200 are scientific and other professional staff.

279. The largest establishments are those within the Research and Development Division of the Department of Supply, viz:

<table>
<thead>
<tr>
<th>Staff Employed</th>
<th>Professional</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Weapons Research Establishment</td>
<td>520</td>
<td>3850</td>
</tr>
<tr>
<td>b. Defence Standards Laboratories</td>
<td>240</td>
<td>640</td>
</tr>
<tr>
<td>c. Aeronautical Research Laboratories</td>
<td>200</td>
<td>400</td>
</tr>
<tr>
<td>d. Central Studies Establishment</td>
<td>40</td>
<td>15</td>
</tr>
</tbody>
</table>

280. By custom, the staff of these are known as the Australian Defence Scientific Service (ADSS). Smaller, but nevertheless important laboratories are the Royal Australian Naval Research Laboratory (RANRL), the Aircraft Research and Development Unit (ARDU), the Army Design Establishment (ADE), Royal
281. The research staff of the Australian Defence Scientific Service and Royal
Australian Naval Research Laboratory are required to meet the same academic re-
quirements as those in CSIRO. It is essential that the high professional standards so
far achieved be maintained and fostered.

282. The role of the RDT&E establishments may more clearly be expressed as the
conduct of specifically defence orientated research with both long term and short term
objectives. This research is directed to:

a. the development of new material which will improve military effectiveness;
b. the physical environment in order:
   (1) to find improved ways of utilising military equipment;
   (2) to improve the effective service life of equipment;
   (3) to discover new techniques for achieving stated military aims;
c. the military environment to discover new tactics or equipment or meet
   potential enemy capability; and

d. materials suitable for the physical and military environments.

283. The establishments have contributed to such projects as IKARA, BARRA,
MALKARA, guided weapons, and to such tasks as extending the life of MIRAGE
and F111 aircraft.

284. The organisation which I recommend must exercise strict policy control of
these activities and efficient administration of the establishments. A close connection
is required between the broad governmental policy and the scope of activities of the
scientists in the research establishments. Clear-sighted administration is required to
avoid duplication and to turn staff and resources to urgent or critical problems.

285. To this end I recommend termination of the Departmental separation of the
defence scientists from those whose policies and needs they should serve; and I recom-
mend a single pyramidal structure which brings together all Defence RDT&E
resources in the one arm of the Department of Defence.

286. To achieve this it would be necessary to absorb into the function of the position
of Chief Defence Scientist both the policy advisory role (as at present) and the ex-
ecutive administrative role which is now shared by a diversity of appointments in
several departments. By providing a line management structure, and by the
rationalisation of functions, such a reorganisation should reduce the total number of
senior officers required in the central office function in those departments.

287. The place of the Supply laboratories has been examined. Significant factors are
the level of effort required of them for the Services, for support of the factories, and
for support of civilian industry.

288. The Navy, Army and Air Force require the effort of these laboratories for basic
research into new solutions to equipment and technique problems, applied research
for practical purposes, and for development work applying results of research to
equipment concepts, leading into experimental or prototype form suitable for evalua-
tion and, possibly, production. Services require scientific test and evaluation of ex-
isting and proposed domestic and foreign equipment. They require day-to-day
professional advice on in-service problems, such as corrosion in aircraft, storage of
ammunition, or behaviour of plastics in new environments, and use of new materials
in construction. Services, for efficiency and safety, need scientific help in setting op-
timum specifications. A multi-disciplinary approach is essential. The laboratories are
almost totally applied to these purposes.

289. Although originally established in aid of defence factories, the Defence Stan-
dards Laboratories (DSL) has evolved in function in such a way that only about one
fifth of its activities is now on factory support. Aeronautical Research Laboratories
(ARL) has even less work in support of the factories. Although the Government fac-
tories and industry receive important assistance from the Defence Standards
Laboratories and Aeronautical Research Laboratories, this small fraction of the
resources of the laboratories does not demand the full breadth of the skills and
knowledge in the laboratories. The interests of the Services determine the full range of
skills and knowledge in the laboratories, and absorb the major part of their capacity.

290. It is a logical conclusion that these laboratories should be re-grouped more
closely to the Services, along with the Weapons Research Establishment and indi-
vidual laboratories located in the Services.

291. There remains the question of the availability of the facilities in the laboratories
to meet purely civilian needs. In some areas of research, the laboratories have unique
national facilities such as the wind tunnels at Aeronautical Research Laboratories. In
other areas there are unique personal skills which can from time to time contribute to
the solution of civil problems. In the past these skills have been made available
whenever the civil need has been sufficiently great and whenever defence priorities
have permitted.

292. Doubtless the Government would wish the practice to continue, but it is
recommended that regard be paid to the fact that nearly the full capacity of the
laboratories is required for defence purposes. Furthermore the facilities of the CSIRO
are specifically established for agricultural and industrial research.

293. Certain activities (e.g. the Commonwealth Paint Committee) have a social
value going beyond defence requirements, and I recommend therefore, that after the
totality of defence research resources are integrated into Defence, there should be a
subsequent review of either the detachment of certain functions, or of alternative
arrangements for the funding of civil work in the establishments. It should be noted
that the present juxtaposition of some of such possible activities to highly classified
work could mean that their transfer to non-defence administration would require con-
siderable expenditure on new works to effect the separation.
Controller in the Department of Defence assisted in the day-to-day tasking and supervisory functions by a Superintendent, Central Staff.

Apart from the laboratories discussed so far, I propose the following new major divisions:

a. Engineering Development, Trials and Evaluation Division;
b. Military Studies and Operational Analysis Division; and
c. Programme Planning and Policy Division.

Engineering Development, Trials and Evaluation Division

The Service laboratories and some Supply laboratories conduct largely similar functions, but in a fragmented and unco-ordinated manner with some degree of duplication. To overcome this and at the same time forge stronger links with the larger research establishments, a new Engineering Development, Trials and Evaluation Division is proposed. It would integrate the overall control but not the physical locations or day-to-day management of the various dispersed Service laboratories. There would be no restrictions on the direct tasking of the laboratories by the Services and in fact the Aircraft Research and Development Unit would remain under the command of the Chief of Air Staff subject to an oversight of the scientific aspects of its work by the RDT&E organisation.

An alternative arrangement would have been to absorb the Service laboratories within the Australian Defence Scientific Service laboratories under the Executive Controller. I have rejected this option as I believe these particular laboratories require an even more intimate Service connection than the larger interservice, multidisciplinary laboratories.

This Division would also enable effect to be given in the long term to the object of drawing together Service and Supply laboratories performing a similar kind of work. Thus Maritime, Land and Air Warfare scientific laboratories and Engineering Development and Trials laboratories may eventually be set up by a process of transferring resources to organisations related to the concept of the environment of operations. The Service Chiefs favour such a concept — the former Chief of Naval Staff in particular urged that it should be implemented immediately. On the other hand the physical and cost implications are an obstacle, even if the concept is sound.

It is recommended that the Division be headed by a military appointment to encourage attention to Services needs and to improve understanding between the Services and the Defence scientific community. This Office is being proposed at two-star level because it equates with the accepted classification level of scientists performing associated functions in Departments. He would also be in control of scientists and engineers of a high level.

It is noteworthy that the Chiefs of Staff have expressed reservations about a military appointment at this high level; the reservations derive from their understanding of his responsibilities vis-a-vis other two-star appointments.

Military Studies and Operational Analysis Division

The present Service Scientific Advisers should be a major source of scientific advice to the Services and contribute to the generation of military orientated work for the laboratories. They are responsible directly to the Services' Deputy Chiefs. There is some doubt about whether they are properly placed and organised. They and their small staffs have become more involved in the role of problem-solving than in acting as scientific policy advisers to the Service Chiefs. Because of the small staff involved they are limited in scope, and have little flexibility in employment.

It is necessary, on the one hand, to avoid the freezing of skills into particular Services and, on the other, the over-provision of staff against future contingencies. There is a need for a closer relationship between the Chiefs and their scientific advisers; there is a need to free the scientific advisers from executive tasks in order to permit free rein to the advisory role.

To meet these desiderata, the advisers themselves should be served by very small staffs and their present operations research staffs should be pooled into a new Services Analytical Studies Group. This group, headed by a one-star appointment, would be responsible for conducting operations research studies at a lower level than the Central Studies Establishment and would be mainly concerned with single Service needs. This arrangement should ensure a closer relationship between the advisers and the Service Chiefs whilst at the same time enabling the advisers to muster and apply more readily a greater weight of RDT&E resources to Services requirements.

This new Military Studies and Operational Analysis Division would also include the total staff of the present Central Studies Establishment of the Department of Supply and would co-ordinate and combine the total professional talent available in the Defence studies and advisory area. It should thus be able to make a more effective input to the process described in Chapter 5 of determining new equipment requirements and force structure for the Services.

Programme Planning and Policy Division

A new Programme Planning and Policy Division is needed to ensure that the whole of the Defence RDT&E Organisation better directs its work towards meeting approved Defence and Services requirements.

This division, mainly of scientists, would also include a senior military appointment and would draft the detailed RDT&E programme in terms of governmental guidance and the Defence Programme to fulfil long and short term Defence and Services' objectives.
307. Policy guidance in the past has been given by the Chief Defence Scientist to some but not all of the establishments. In the recent past the Defence Science Board has issued general directions. Nevertheless there has existed the potentiality of activities being initiated not in accord with priorities of Defence policy. This has been exacerbated by the limited communication between military and scientific staff and the inherent difficulties of interdepartmental boundaries. The proposed arrangement should overcome the present visible and latent difficulties.

308. In addition to his control of the laboratories, the Executive Controller would oversee this programme and work in close relationship with the Programme Planning and Policy Division, and under the control of the head RDT&E.

309. Allowing for creation of some new positions, a net reduction in both senior and subordinate positions now in the various departments is considered practicable.

Proposed Organisation for Research, Development, Trials and Evaluation

310. The proposed Organisation would bring together in the Department all RDT&E activities currently located in the Defence Group, including those now under the control of the Services and the Department of Supply where the major laboratories — Weapons Research, Aeronautical Research, Defence Standards and Central Studies — are located. The head of the organisation would be the senior adviser to the Minister and the Government on all Defence scientific matters.

311. The head of the Organisation would be responsible to the Secretary but the Service Chiefs should have direct access to him for advice and they and their Services should continue to task directly the scientific and technical facilities previously controlled by them, within approved programmes.

312. Apart from the laboratories, it is proposed that there should be three major divisions in the Organisation:

a. Military Studies and Operational Analysis — to co-ordinate and combine the total professional talent available in the defence studies and advisory areas.

b. Programme Planning and Policy — to prepare scientific programmes in accordance with Government policies and directives and to ensure that the whole of the Defence RDT&E Organisation plans its work towards approved Services and Defence requirements consistent with these programmes.

c. Engineering Development, Trials and Evaluation — to bring together organisationally and co-ordinate under central supervision the laboratory, engineering development and trials and evaluation facilities currently existing in the Services. Because of the nature of this division it is proposed that it be headed by a two-star military officer.

313. I propose that the major laboratories and the Engineering Development, Trials and Evaluation Division should be under the direction of an Executive Controller who would also be the deputy head of the Organisation. He would generally oversee the effective deployment of resources to the approved scientific and technical development programme and would be assisted by a Superintendent, Central Staff.

314. The proposed Organisation would require a total of forty senior scientific or equivalent military officers which would be a reduction of three from the number now employed. It would include one two-star and three one-star appointments. In addition to the head of the Organisation, the Executive Controller and the divisional heads, the central office staff is contemplated as having senior officers in charge of each of the following functional groups:

a. Military Scientific Advisers;

b. Services Analytical Studies;

c. Defence Operational Analysis;

d. Services Programmes;

e. Engineering Development;

f. Services Laboratories;

g. Administration;

h. Technical Information.

315. The following additional activities would be controlled by Senior Principal and Principal Research Scientists (or their military equivalents):

a. Science Forecasting;

b. International Programmes;

c. Design Engineering Planning;

d. RDT&E Planning;

e. Trial Planning;

f. Trial Execution;

g. Laboratory Programmes.

316. A chart depicting the proposed organisation is at Annex K.
CHAPTER 11 — FEATURES OF THE TOTAL ORGANISATION RECOMMENDED

The Committee Structure

317. An integral part of Defence Ministries are the committees which accommodate the expertise, and the material interests, of different Services and of civilians drawn from different areas.

318. The use of committees has already undergone substantial change over the past five or six years, reflecting in part the substitution of staff work in the Department of Defence in their place. The reorganisation would make some committees irrelevant and throw up the need for new ones.

319. The higher committees will be regarded by the Chief of Staff of each Service as one important way of expressing his Service's voice in the determination of policy by the Minister. At the same time one of the advantages of a single Department should be the abolition of some committees. Some of the matters which went to the Chiefs of Staff Committee may perhaps now be settled bilaterally by a Chief of Staff and the Chief of Defence Force Staff — not least because the Chief of Defence Force Staff would have command of the Defence Force and the Chiefs of its three Services will command "subject to the authority" of the Chief of Defence Force Staff. Likewise what was formally discussed in committee with the Secretary — the head of a different department — can now be discussed with him bilaterally.

320. Some committees, if retained, may change from being recommendatory to being consultative committees — the consultation being managed by whomever has the principal responsibility to the Minister. Others ought to remain recommendatory because each member has a responsible concern with the conclusion and should therefore have the right to have his view given weight along with that of others.

321. Military opinion may be fully represented by the Chief of Defence Force Staff without the presence of the Chiefs of Staff. On the other hand there would be occasions where there are interests so closely allied to the concerns or the fighting efficiency or the career prospects of a particular Service that its Chief of Staff must be there in person to argue the case for that particular Service.

322. It has been agreed in my consultations with the Chiefs of Staff that free-access and contact between officers in the Secretary's organisation and the Chiefs of Staff and their subordinates must be maintained. It is necessary to have committees to resolve competing interests of Services for resources as they may arise in debate about the Defence Programme or about acceptance of a particular military capability as being a requirement. It is also necessary to have a place where the Chiefs of Staff and the Secretary of the Department can review together the way control over certain matters has been exercised by the functional organisations with a view to finding remedies for problems or any errors of judgement.
323. I turn now to the committee structure which has been agreed between the Chiefs of Staff and myself. It has been necessary to use Public Service terminology in describing the civilian membership of the committees so as to provide a measure of the level of seniority and the relativity between the Service and civilian officers performing the functions contemplated. If subsequent Public Service Board determinations vary the establishment contemplated the committees here recommended may no longer be tenable.

324. I see a need for twelve major committees. There are two further committees (the Defence [Industrial] Committee and the Defence Business Board) in respect of which it will be necessary to bring forward new proposals and it may be preferable to do this after decisions have been made about the future of the Department of Supply.

325. I suggested to the Chiefs of Staff that a Council be established, presided over by the Minister for Defence, and having as members the Minister or Ministers Assisting the Minister for Defence, the Secretary of the Department, and the Chief of Defence Force Staff; the object being to provide the Minister with a system of collective policy advice and information and to facilitate the issuing by him of policy directions to the Department.

326. In discussion, the Chiefs of Staff and others argued that there is no need to formalise arrangements of this kind which can be made by the Minister ad hoc, and therefore the proposal was withdrawn.

327. I recommend that the following standing high level committees be established (by administrative direction and without the necessity for regulations), all except the first and the last in the list being essentially internal to the management of activities under the Defence Programme within the limits of the Defence Vote, the command or support of the Armed Services, the development of defence policies for the Minister, or supervision of their execution:

<table>
<thead>
<tr>
<th>Committee Name</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Defence Co-ordination Committee (replacing the Defence Committee);</td>
<td></td>
</tr>
<tr>
<td>b. Defence Programme Committee (replacing some functions performed by the Defence [Administration] Committee and by the Defence Force Development Committee);</td>
<td></td>
</tr>
<tr>
<td>c. Chiefs of Staff Committee (with revised functions);</td>
<td></td>
</tr>
<tr>
<td>d. Defence Management Committee (no present equivalent);</td>
<td></td>
</tr>
<tr>
<td>e. Plans and Operations Executive (no present equivalent);</td>
<td></td>
</tr>
<tr>
<td>f. Defence Force Structure Committee (replacing the present Defence Force Structure Committee);</td>
<td></td>
</tr>
<tr>
<td>g. Defence Operational Requirements Group (no present equivalent);</td>
<td></td>
</tr>
<tr>
<td>h. Programme and Estimates Committee (no present equivalent);</td>
<td></td>
</tr>
<tr>
<td>i. Defence Conditions of Service Committee (replacing the present committee);</td>
<td></td>
</tr>
<tr>
<td>j. Defence Science Board (replacing the present Board);</td>
<td></td>
</tr>
<tr>
<td>k. Dockyard Policy Committee (no present equivalent);</td>
<td></td>
</tr>
<tr>
<td>l. Defence Research, Development, Trials and Evaluation Review Committee (replacing present larger Defence Research and Development Policy Committee).</td>
<td></td>
</tr>
</tbody>
</table>

328. Consideration of these committees has raised the question whether the participation of other departments in rendering advice to the Minister for Defence is still justified.

329. This has continued to be highly desirable in the case of what is now the "Defence Committee", although I am recommending that this be replaced by a committee of the same membership but with revised functions.

330. Since the development of defence programming and the acceptance by the Minister for Defence of responsibility for developing, within the financial limits, a force structure which achieves the most effective capability, the present function of the Defence Committee of advising the Minister for Defence on "the defence policy as a whole" is no longer apposite in a committee containing the Secretaries of Departments responsible to three other Ministers (Foreign Affairs, Prime Minister and Cabinet, and Treasury). Nor is it considered that financial (as distinct from "economic") questions should be brought to this committee. Financial aspects of the Defence Programme are at present disposed of in the Defence (Administration) Committee, and it is submitted that it properly belongs to the managers of the Defence Programme to set their own priorities. Other financial questions rarely arise except occasionally in the context of discussion of defence relations with other countries. Furthermore, matters having "a joint service . . . defence aspect" are at present effectively disposed of at the most senior level (Chiefs of Staff and Permanent Head of Defence) in the Defence Force Development Committee, to which it is contemplated that there will be a successor.

331. At the same time there is a continuing need for a high level committee to which can be submitted those important defence policy matters which involve foreign affairs or economic or general Government policy aspects. There is reason to believe that the other Departments currently represented in the Defence Committee have, like the Defence Department, found it of considerable value in these matters as a basis upon which to take agreed conclusions to all the various Ministers involved. This has proved particularly important in the handling of advice on international defence policies, not least at times of tension or danger abroad.

332. The Committees proposed together with their membership and functions are set out in detail in Annex L.

333. In the case of the Defence (Industrial) Committee and the Defence Business Board, the form and composition of these bodies will be affected by the abolition of a number of the official positions included in their membership. It is recommended that their future form be decided after further consideration and discussion with those concerned, including especially those non-governmental industrial and business members who have generously made available this advisory service to the Minister and Defence Group Departments.
The Service/Civilian Senior Appointments

334. During discussion between the Chiefs of Staff and myself, the question was asked whether the organisation would provide sufficient scope for officers of the three Services to hold executive appointments and to be senior advisers to the Government.

335. The charts attached to this report will assist perspective particularly since this report has not described the substantial number of senior Service officer positions which would exist under the line of direct command of the Chief of Staff in that part of the total Canberra Defence Department organisation exclusively single Service — e.g. in "Department of Defence (Air)" which might in usage become "DOD (Air)". In addition, as compared with the present legal situation, Chiefs of Staff would acquire increased authority in certain matters. To keep discussion in perspective it may be remarked that at present, under the law and the distribution of responsibilities among the various uniformed and civilian members of Service Boards, the scope of the power of command of the Chiefs of Staff is distinctly modified. The disappearance of the Minister as President of two of these Boards and of the Secretaries of the Service Departments as members would, in due course, require a substitute arrangement for the exercise of the civilian role, but the Chief of Defence Force Staff and the single Chiefs of Staff would retain operational command that they possess now. On the civilian side three Permanent Head positions and two Deputy Secretary positions in the Department of Defence would be extinguished — and presumably more such positions in the Department of Supply if the transfers of functions to Defence occur that are being assumed. In place of these more than five civilian appointments (several at First Division level), I am proposing that the Public Service Board create sufficient executives to provide five large new departmental organisations with better policy direction and management than exist today.

336. It is not simply an amalgamation in which a direct comparison of existing and future Second Division level positions would, for example, throw light on the subject. The departmental reorganisation calls for some twenty one civilian or military officers at Divisional Head level. The direction and co-ordination of their activities would quite clearly be impossible for a single Permanent Head alone managing an organisation of this size and in addition presiding over eight policy and management committees. In addition there would be several important "outriders" (e.g. the Joint Intelligence Organisation and the Defence RDT&E Organisation where Chief Officer functions have to be performed). To retain adequate Ministerial control through the Secretary it would be necessary for him to be assisted by a substantial number of Deputy Secretaries, or by some such appointments combined with a second First Division officer. Without this, the large integrated organisation would not succeed.

337. The savings of civilian positions below the Second Division, which are directly attributable to the reorganisation, are estimated to be of the order of three hundred employees in the short term and a further one thousand employees in the longer term. The reduction of manpower levels in the Defence Departments consequent on the Government’s decision earlier this year has accelerated significant additional savings which would otherwise have accrued in the context of the reorganisation.

338. In the longer term again, I expect that the organisation structure which is proposed will facilitate and encourage the process of integration of common activities. There is, therefore, a considerable potential for further economies in areas such as the Supply and Support Organisation where, as will be observed, the current separate Service structure of activities is very largely retained although regrouped to accord with the proposed organisational objectives.

339. In regard to senior staffing — Second Division Public Service posts and one-and two-star uniformed positions — in the Departmental organisation under the Secretary, and apart from the uniformed positions at this level remaining under the Chiefs of Staff, I can only make a reasonably close estimate. There are some one hundred and fifty two (thirty one Service, one hundred and twenty one civilian) of these positions in the existing Department of Defence, relevant military parts of Service Departments and those areas of Department of Supply which I assume will transfer to Defence. The proposed organisation includes approximately one hundred and sixty eight positions of this level,* made up of forty Service (but not counting some seventy in the single Services) and one hundred and twenty eight civilian positions. This represents an increase of some nine Service and seven civilian positions.

340. The increase in Service positions reflects the objective of bringing more Service specialist knowledge into the departmental organisation. The estimated seven civilian positions would necessarily be less senior than the three and potentially four First Division positions being abolished as noted in paragraph 335 above.

External Liaison

341. The three Services, various elements in the Department of Supply, and the Department of Defence have officers posted in a relatively large number of countries abroad. The personnel involved consist of about one hundred and fifty military and fifty civilian staff subject to some further small reductions as special activities (such as those relating to acquiring the F111) are closed down. At the same time the Services, Supply and Defence together have extensive liaison with foreign and other diplomatic missions in Australia.

342. The connections cover a large part of the interests of the Services and departments. They reflect the alliances and traditional associations that Australia has with other governments and also contractual negotiations with governments or suppliers of equipment. In addition they reflect the need to have liaison with Defence Ministries or the Armed Services of certain other countries through the traditional form of Attachés or Military Advisers in Australia's diplomatic missions.

343. The field of interest includes such diverse matters as acquisition of information on tactical doctrine, weapons performance and scientific research, liaison concerning delivery to Australia of weapons under order, defence aid and general defence

* There are also five positions (four civil and one Service) which would have been sought to perform new functions not associated with the reorganisation.
relations, and intelligence liaison. No fundamental changes in the system of representation abroad appear to be necessary other than some possible future rationalisation of the lines of communication between Defence and Service Offices in Canberra and the larger missions in London and Washington. This has already largely occurred for posts elsewhere.

344. At the same time the reorganisation should provide for machinery in Australia to maintain co-ordination of, and oversight over, liaison with other governments represented in Australia; and for tasking of representatives abroad. The milieu in which these representational activities occur suggests that this machinery should be located in the Strategic and International Policy Division of the Strategic Policy and Force Development Organisation discussed in Chapter 5. Subject to appropriate co-ordination, however, this would not prevent direct functional or Service tasking of the overseas missions within appropriate fields of interest and, in cases where the nature of their duties dictates, Service Attaches would have some responsibilities direct to their parent Service.

345. The personnel establishments of the overseas missions should be kept under review by the Manpower Organisation, as should their general administrative procedures and practices by the Organisation and Management Services Organisation. It is to be expected that the reorganisation would, by introducing common procedures and records systems in the missions, permit some amalgamation of some of the administrative support of individual Service representation, particularly in the larger missions in London and Washington where significant economies in staffing and office space should ensue. Without awaiting this total reorganisation, steps have already been taken in recent months to effect some reductions in overseas representation, some of them flowing from the investigations in Australia House by the Special Adviser to the Public Service Board located in London.
EXISTING ORGANISATION — DEPARTMENT OF THE NAVY

CHIEF OF NAVAL STAFF (3 Star)

NAVAL BOARD

SECRETARY

SENIOR NAVY COMMANDS APPOINTMENTS

- Flag Officer Commanding Australian Fleet (2 Star)
- Chief of Staff (1 Star)
- Flag Officer Commanding East Australia Area (2 Star)
- Chief of Staff (1 Star)
- Naval Officer Commanding West Australia Area (1 Star)
- Naval Officer in Charge Victoria (1 Star)
- General Manager Garden Island Dockyard (1 Star)

SENIOR HEADQUARTERS APPOINTMENTS

- Deputy Chief of Naval Staff (2 Star)
- Director-General Fighting Equipment
- Director-General of Operations and Plans
- Chief of Naval Personnel (2 Star)
- Director-General Manpower
- Director-General of Personal Services
- Director-General of Training
- Medical Director-General (2 Star)
- Assistant Secretary Naval Personnel (level 1)
- Director-General of Naval Design (level 3)
- Director-General of Naval Production (level 2)
- Director-General Dockyards and Maintenance
- Assistant Secretary Naval Technical Services (level 1)
- Chief of Naval Supply and Works (2 Star)
- First Assistant Secretary Controller of Supply (level 2)
- Assistant Secretary Assistant Controller of Supply (level 1)
- Chief Superintendent of Supply Sydney (level 1)

SECRETARY'S REPRESENTATIVES IN THE COMMANDS

- First Assistant Secretary Establishments and General (level 2)
- Assistant Secretary Civil Establishments (level 1)
- Assistant Secretary Electronic Data Processing (level 1)
- First Assistant Secretary Finance and Materiel (level 2)
- Assistant Secretary Finance (level 1)
- Assistant Secretary Resources and Material (level 1)
- Assistant Secretary Naval Staff (level 1)
EXISTING ORGANISATION — DEPARTMENT OF THE ARMY

CHIEF OF THE GENERAL STAFF (3 Star)

MILITARY BOARD

SECRETARY

SENIOR ARMY COMMANDS APPOINTMENTS
- SENIOR ARMY COMMANDING FIELD FORCE COMMAND (2 Star)
- CHIEF OF STAFF (1 Star)
- DIRECTOR OF OPERATIONS (1 Star)
- DIRECTOR OF WORK, PERSONNEL, PAY, AND INSURANCE (2 Star)
- DIRECTOR OF PERSONNEL (1 Star)
- DIRECTOR OF LOGISTICS (1 Star)
- DIRECTOR OF SUPPLY (1 Star)
- DIRECTOR OF ELECTRICAL AND MECHANICAL ENGINEERS (1 Star)
- DIRECTOR OF PRODUCTION (1 Star)
- DIRECTOR OF INSPECTION (1 Star)

SENIOR HEADQUARTERS APPOINTMENTS
- SECRECY'S REPRESENTATIVE IN THE COMMANDS
- SECRETARY'S REPRESENTATIVE IN THE COMMANDS

- VICE CHIEF OF THE GENERAL STAFF (2 Star)
- CHIEF OF STAFF (1 Star)
- CHIEF OF OPERATIONS (2 Star)
- DEPUTY CHIEF OF OPERATIONS (1 Star)
- DIRECTOR OF OPERATIONS AND PLANS (1 Star)
- DIRECTOR OF ARMY DEVELOPMENT (1 Star)
- DIRECTOR OF PERSONAL AND WEIGHT (1 Star)
- DIRECTOR OF PERSONNEL, PAY, AND INSURANCE (1 Star)
- DIRECTOR OF LOGISTICS (1 Star)
- DIRECTOR OF SUPPLY (1 Star)
- DIRECTOR OF ELECTRICAL AND MECHANICAL ENGINEERS (1 Star)
- DIRECTOR OF PRODUCTION (1 Star)
- DIRECTOR OF INSPECTION (1 Star)

SECRETARY'S REPRESENTATIVES IN THE COMMANDS
- FIRST ASSISTANT SECRETARY FINANCE AND LOGISTICS (level 2)
- ASSISTANT SECRETARY FINANCIAL POLICY AND ACCOUNTING (level 1)
- ASSISTANT SECRETARY BUDGETING, PROGRAMMING AND COSTING (level 1)
- ASSISTANT SECRETARY LOGISTICS (level 1)
- FIRST ASSISTANT SECRETARY ESTABLISHMENTS AND GENERAL (level 2)
- ASSISTANT SECRETARY ESTABLISHMENTS (level 1)
- ASSISTANT SECRETARY ARMY PERSONNEL (level 1)
- ASSISTANT SECRETARY ELECTRONIC DATA PROCESSING (level 1)
- ASSISTANT SECRETARY PLANNING (level 1)
- ASSISTANT SECRETARY CIVILIAN INTEGRATION COMMITTEE (level 1)
EXISTING ORGANISATION — DEPARTMENT OF AIR

**CHIEF OF THE AIR STAFF**
- AIR OFFICER COMMANDING SUPPORT COMMAND (2 Star)
- SENIOR TRAINING AND AIR STAFF OFFICER (1 Star)
- SENIOR EQUIPMENT STAFF OFFICER (1 Star)
- SENIOR MAINTENANCE STAFF OFFICER (1 Star)
- SENIOR ENGINEERING STAFF OFFICER (1 Star)
- AIR OFFICER COMMANDING OPERATIONAL COMMAND (2 Star)
- SENIOR AIR STAFF OFFICER (1 Star)

**AIR BOARD**

**SECRETARY**
- FIRST ASSISTANT SECRETARY FINANCE AND LOGISTICS (level 2)
- ASSISTANT SECRETARY FINANCE (level 1)
- ASSISTANT SECRETARY LOGISTICS (level 1)
- ASSISTANT SECRETARY BUDGET AND COSTING (level 1)
- FIRST ASSISTANT SECRETARY ESTABLISHMENTS AND GENERAL (level 2)
- ASSISTANT SECRETARY ESTABLISHMENTS (level 1)
- ASSISTANT SECRETARY PERSONNEL (level 1)
- CONTROLLER OF ELECTRONIC DATA PROCESSING (1 Star)
- ASSISTANT SECRETARY SECRETARY AIR (level 1)

**SENIOR AIR FORCE COMMANDS APPOINTMENTS**
- AIR OFFICER COMMANDING SUPPORT COMMAND (2 Star)
- SENIOR TRAINING AND AIR STAFF OFFICER (1 Star)
- SENIOR EQUIPMENT STAFF OFFICER (1 Star)
- SENIOR MAINTENANCE STAFF OFFICER (1 Star)
- SENIOR ENGINEERING STAFF OFFICER (1 Star)
- AIR OFFICER COMMANDING OPERATIONAL COMMAND (2 Star)
- SENIOR AIR STAFF OFFICER (1 Star)

**SENIOR HEADQUARTERS APPOINTMENTS**
- DEPUTY CHIEF OF THE AIR STAFF (2 Star)
- DIRECTOR-GENERAL OF OPERATIONAL REQUIREMENTS (1 Star)
- AIR MEMBER FOR PERSONNEL (2 Star)
- AIR MEMBER FOR TECHNICAL SERVICES (2 Star)
- CONTROLLER OF WORKS (1 Star)
- AIR MEMBER FOR TECHNICAL SERVICES (2 Star)
- CONTROLLER OF TECHNICAL PLANS (1 Star)
- DIRECTOR-GENERAL OF QUALITY ASSURANCE (level 2)

**SECRETARY’S REPRESENTATIVES IN THE COMMANDS**
- FIRST ASSISTANT SECRETARY FINANCE AND LOGISTICS (level 2)
- ASSISTANT SECRETARY FINANCE (level 1)
- ASSISTANT SECRETARY LOGISTICS (level 1)
- ASSISTANT SECRETARY BUDGET AND COSTING (level 1)
- FIRST ASSISTANT SECRETARY ESTABLISHMENTS AND GENERAL (level 2)
- ASSISTANT SECRETARY ESTABLISHMENTS (level 1)
- ASSISTANT SECRETARY PERSONNEL (level 1)
- CONTROLLER OF ELECTRONIC DATA PROCESSING (1 Star)
- ASSISTANT SECRETARY SECRETARY AIR (level 1)
POSSIBLE ORGANISATION — DEPARTMENT OF DEFENCE

CHIEF OF DEFENCE FORCE STAFF

SECRETARY

POSSIBLE ORGANISATION — DEPARTMENT OF DEFENCE

CHIEF OF DEFENCE FORCE STAFF

SECRETARY

POSSIBLE ORGANISATION — DEPARTMENT OF DEFENCE

CHIEF OF DEFENCE FORCE STAFF

SECRETARY

POSSIBLE ORGANISATION — DEPARTMENT OF DEFENCE

CHIEF OF DEFENCE FORCE STAFF

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POSSIBLE ORGANISATION — DEPARTMENT OF DEFENCE

CHIEF OF DEFENCE FORCE STAFF

SECRETARY

POSSIBLE ORGANISATION — DEPARTMENT OF DEFENCE

CHIEF OF DEFENCE FORCE STAFF

SECRETARY

POSSIBLE ORGANISATION — DEPARTMENT OF DEFENCE

CHIEF OF DEFENCE FORCE STAFF

SECRETARY

NOTE:
Up to 25% of Naval Captains can be Senior Captains (in one Star equivalent)
POSSIBLE ORGANISATION — DEPARTMENT OF DEFENCE

SECRETARY .................................. CHIEF OF DEFENCE FORCE STAFF

DEPUTY SECRETARIES

DEFENCE CO-ORDINATION COMMITTEE

DEFENCE

OUTREACH ACTIVITIES

SUPERVISION OF A NEEDED

NATIONAL DISASTER

ORGANISATION

DEFENCE COMMUNICATIONS

SYSTEM

STRATEGIC POLICY AND FORC DEVELOPMENT

SUPPLY AND SUPPORT SERVICES

RESOURCES AND FINANCIAL PROGRAMMES

DEFENCE MANPOWER

ORGANISATION AND MANAGEMENT SERVICES

DEFENCE RDT&E

Australia's international Defence relations and strategic policy; analysis and recommendation of force structures and associated major weapons and equipment requirements; development of industrial capacity in support of Defence objectives.

The provisioning, equipping and movement of the armed forces; engineering and maintenance support of their equipment; Defence facilities; and dockyards management policy.

Defence resources policy and planning; programming; budgeting; financial services; internal audit.

Policy direction and control of the utilization of all Defence manpower — both service and civilian; pay, conditions of service and personnel policy of armed forces; personnel administration of civilians.

Computing and management services; continuing studies into Defence organisation and rationalisation; the provision of Defence communications.

Defence science policy; scientific advice on all defence matters; analysis of weapons systems and equipment; relations of Australian RD & E to international programmes; conduct of research development trials & evaluation of proposed & existing equipment.

NATIONAL INTELLIGENCE COMMITTEE

DIRECTOR JIO

Responsible for Intelligence collection and assessment

DEPUTY DIRECTOR (Civilian)

DEPUTY DIRECTOR (Military)