DEPARTMENT OF DEFENCE

FORCE STRUCTURE REVIEW
1991
15 May 1991

Senator the Honourable Robert Ray
Minister for Defence

Dear Minister

In May 1990 you commissioned a Force Structure Review to ensure that Defence planning for the 1990s goes forward in a balanced way, taking proper account of strategic priorities and the likely resource environment.

Within this framework, we propose a long term restructuring program that would maintain the momentum of the 1987 White Paper by converting some combat capabilities - principally in Army - to the reserves, by greater efficiency in support and maintenance functions for all three Services, and by some adjustments to the major capital investment program.

This will allow new investment proposals to be developed in the second half of the decade. This is important, because from the first decade of next century there will be heavy demands to replace obsolete equipment. Consequently the scope for new initiatives lies mainly in this decade.

This Force Structure Review was conducted within Defence by the Development Division of Headquarters ADF and the Force Development and Analysis Division. The Review was considered and endorsed by the Chiefs of Staff Committee, together with the Secretary, Department of Defence during a series of meetings held from February to April of 1991.

Yours sincerely

[Signatures]

A.J. Ayers
Secretary
Department of Defence

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CONTENTS

CHAPTER ONE - OVERVIEW  
Current and Planned Defence Capabilities 1  
Readiness and Sustainability 2  
Resource Considerations 3  
Force Structure Changes 3  
Training 5  
Facilities 5  
A Ten Year Development Plan 5

CHAPTER TWO - RESTRUCTURING THE ADF FOR THE NEXT CENTURY  
Command, Control and Communications 7  
Intelligence Collection and Evaluation 9  
Maritime Surveillance 10  
Air Surveillance 10  
Surface Surveillance 11  
Sub-surface Surveillance 11  
Submarines 11  
Summary 13  
Maritime Patrol and Response 13  
Surface Combatant Types 13  
Surface Combatant Numbers 15  
Future Destroyers/Frigates 15  
Destroyer Modernisation Refits 16  
Future Patrol Vessels 16  
Summary 17
CHAPTER ONE
OVERVIEW

1.1 The Force Structure Review builds on twenty years of development towards defence self-reliance in Australia, applying the priorities set out in the Government’s White Paper, “The Defence of Australia 1987”. In many cases its conclusions confirm the current planning direction; in others, adjustments are proposed. There are some proposals for substantial change, which alter the balance of Australian Defence Force (ADF) capabilities to better meet strategic priorities.

1.2 The following key principles underpin the proposed restructuring over the next decade:

a. Maximising combat capabilities by reducing the numbers of service personnel involved in headquarters and base support functions; and by using commercial and civilian support and maintenance where operationally feasible, practicable and cost effective;

b. Meeting the strategic focus on northern and western operations by extending western basing for the Navy and northern basing for further major Army units, and enhancing the forward deployment capacity of the Air Force; and

c. Making greater use of reserves, including a new form of reserve service, the ready reserve, to supplement the current reserve forces of each Service, while maintaining the required overall force readiness.

1.3 The application of these principles is not uniform across the Services, which already use reserves, civilians and contractors to markedly different degrees, and have quite different organisational and basing structures. The combat structures of Navy and Air Force are largely major equipment oriented, and have been the subject of detailed reviews over the past decade, while Army is organised around personnel based structures. Any significant reduction in ADF personnel numbers inevitably involves a more fundamental review of Army’s structure, to maintain the viability of the combat force.

Current and Planned Defence Capabilities

1.4 Overall, current defence capabilities, approved programs, and planned developments are consistent with Australia’s strategic priorities, and provide a generally adequate national defence capacity for the key roles identified in strategic guidance:

a. Command, Control and Communications developments are now properly focussed on the development of joint force procedures and systems. In communications, the civil infrastructure will be used increasingly to meet Defence needs.
Shift towards selectively higher levels of readiness so as to have the capacity to deal with strategic environment in which Australia is a substantial power. This has involved an acceptance of both the need for self-reliance and the need to help shape a regional dependence on allies (and a consequent involvement in their strategic interests), to improve readiness and sustainability.

b. **Intelligence Collection and Evaluation** capabilities are already well developed, and are being enhanced, consistent with their high strategic priority. Increased funding will be required over the 1990s to improve Defence's capacity to integrate and disseminate intelligence, and to improve its detailed knowledge of Australia’s environment.

c. **Maritime Surveillance** has the potential to absorb significant numbers of ADF assets including P3C maritime patrol aircraft, submarines and surface combatants. The broad area capability of the planned over-the-horizon radar network is essential for an effective surveillance system to permit concentration of scarce resources in identified key areas.

d. **Maritime Patrol and Response** can be conducted by surface combatants and submarines; and by P3C, F-111C and F/A-18 aircraft. If all suitable resources could be allocated to this role alone, an adequate capability would be available. The geographic extent of the northern approaches, and the other concurrent roles of these forces, mean that response capacity will always be selective.

e. **Air Defence** would involve F/A-18 aircraft operating from Tindal, Darwin, Curtin or the planned base near Weipa (Scherger) in response to intruding aircraft. The introduction of airborne early warning and control aircraft. The introduction of airborne early warning and control systems would improve air defence effectiveness.

f. **Protection of Shipping, Offshore Territories and Resources** will be demanding tasks, especially if concurrent with other activities. The lack of an operational mine countermeasures capability is still a major deficiency, which will be remedied as soon as possible.

g. **Asset Protection and Response to Incursions** will be similarly demanding of resources. Investment will focus on enhancing reconnaissance, surveillance and ground and air mobility. Modern surveillance sensors have the potential to overcome some of the problems of limited numbers of personnel. Reserve forces will be important contributors to this role.

h. **Strategic Strike** assets are adequate, but limited numbers of platforms and weapons would necessitate selective targeting.

i. **Regional Requests for Support and Peacekeeping Tasks** can be satisfied from the current and planned force structure, but small overall force levels will limit options. A greater capability for offshore helicopter operations would be useful, particularly in the South Pacific.

Readiness and Sustainability

1.5 Australia's national strategic policy has moved from a position of defence dependence on allies (and a consequent involvement in their strategic interests), to acceptance of both the need for self-reliance and the need to help shape a regional strategic environment in which Australia is a substantial power. This has involved a shift towards selectively higher levels of readiness so as to have the capacity to deal with the lower level military situations that might arise with little warning. This also provides a capacity to assist allies and regional friends.

1.6 Readiness priorities are contained in the classified Operational Readiness Directive issued by the Chief of the Defence Force, which provides the Government with graduated response options from the ADF. At the highest levels of readiness - a few hours in some cases - are intelligence, surveillance and patrol assets, and the special forces units required to respond to terrorist incidents. Beyond that are the short notice forces - surface combatants and submarines, the Army’s Ready Deployment Force, F/A-18 and F-111C aircraft, and air transport assets - required to handle any military emergency that might arise in short timescales. The only ADF units at notice longer than six months are in the Army Reserve.

1.7 Australia's capacity to support its defence effort has been strengthened over recent years by the development of an industrial sector geared to Defence needs. This has been complemented by steady progress in developing preparedness doctrine and Memoranda of Understanding with the civilian support infrastructure. Planning has commenced to enhance the capacity of the ADF to provide and sustain forces appropriate to postulated low level conflict in the 1990s, and to allow for a flexible approach to expansion should future circumstances require this.

Resource Considerations

1.8 Defence needs to be realistic in its expectations of the resources Governments can provide. Historically, less than half of the foreshadowed growth in financial guidance has been provided in Budget allocations. Since the White Paper, “The Defence of Australia 1987”, the real growth in outlays has averaged 0%, while financial guidance has averaged +1%.

1.9 A number of significant capital equipment initiatives approved recently has reduced the amount of discretionary expenditure within the next few years. This in turn has reduced much of the traditional flexibility in Defence planning. Defence’s forward commitment to capital equipment expenditure is currently at its highest level ever, leaving little flexibility to balance competing resource demands.

1.10 Over a ten year period at current Government financial guidance of +1% real growth, expenditure on the Defence program would total some $98b. Such funding levels would enable the White Paper program to be largely completed by the end of the decade. At a lower funding level, where no growth was provided, about three quarters of the White Paper program could be funded. If there were real reductions of -1% per year continued through the decade, less than half of the White Paper program could be funded.

Force Structure Changes

1.11 Within this resource framework, Defence supports continuing substantial investment in intelligence and surveillance capabilities, with particular emphasis on the development of systems to integrate, analyse and disseminate intelligence and surveillance information from military and civilian sources.
1.12 Future development of surface combatants will focus on two broad types: destroyers/frigates and offshore patrol vessels. The objective of increasing the number of destroyers/frigates to 16 by about 2010 will involve an extension of the ANZAC program in derivative form. The 15 Fremantle class patrol boats will be retained, with some upgrading, until early next century when they will be replaced by twelve more-capable offshore patrol vessels from 2004.

1.13 Defence also proposes a change of direction for the mine countermeasures program: to acquire larger coastal minehunters in place of the prototype inshore minehunter program, which has not proved to be cost effective, and has performance problems. Two ocean basing will continue, with about half the fleet, including all six Collins class submarines, being based in the west, although one or two submarines will be deployed continuously off the east coast. Permanent Navy personnel will be reduced by some 1,000 over the decade.

1.14 Army will be restructured around a combat force based on ten brigades. Emphasis will be given to independent brigade operations, with a high level of integral mobility in each brigade, and including a new type of troop carrier. The two Regular brigades will be based in northern Australia (Darwin and Townsville). The Brisbane based 6 Brigade will be converted progressively from an integrated to a new ready reserve brigade. Army’s regular personnel will be reduced over the decade by some 5,200, but some 3,200 ready reserves will be introduced. The current personnel strength of the Army Reserve (some 26,000), and the seven Reserve brigades based throughout Australia, will be maintained.

1.15 The Regular division headquarters based in Brisbane will be reduced in size, and be available for the deployable joint force headquarters role. The Army Reserve division headquarters in Sydney will develop the skills and doctrine for conventional divisional operations.

1.16 Restructuring in Air Force will focus on continuing development of northern bases and rationalising base support and maintenance. Permanent Air Force personnel will reduce by some 4,200 over the decade. The F-111C and F/A-18 fleets will be operated in a way to ensure their life-of-type well into the next century, including by the use of reserve aircrews. The F3Cs will be updated, and planning will proceed to introduce airborne early warning and control aircraft later in this decade.

1.17 The way ahead for a number of other structural issues is proposed. The Caribou aircraft will continue in service for the decade (although in reduced numbers, and Air Force will rationalise its support) and four to six upgraded Chinook helicopters may be reintroduced. The 12 C130E Hercules aircraft will be replaced. Rapier and RBS-70 will continue as the ground based air defence missile systems, with some limited updating.

1.18 Limited numbers of stand-off weapons will be acquired for the F-111Cs, a towed acoustic array system for surface ships, and reconnaissance helicopters and night surveillance equipment for the Army. The Sea King helicopters will continue in service pending the development of a program for new utility helicopters for Navy, and helicopters will be acquired later in the decade for the ANZAC frigates.

1.19 A central element of this program is the introduction of the ready reserve scheme for all three Services. This scheme will make greater use of former regular personnel, and in the case of Army, significant numbers of new recruits receiving about 12 months initial full time training. Another central element is the more extensive use of commercial support and civilian staff in place of regular personnel in support functions. This encompasses the proposals of the internal Defence reviews of logistics and regional support, and the framework recommended by the Interdepartmental Committee on the Wrigley report "The Defence Force and the Community".

Training

1.20 There will be major changes in ADF training. Pilot training will be rationalised under Air Force sponsorship. The helicopter training school managed by Army for all three Services will move from Fairbairn to the Army aviation centre at Oakey. Technical and clerical training for the Services will be rationalised around: the Navy facilities at HMAS CERBERUS; the Army centre at Bonegilla/Bandiana; and the Air Force technical training facility at Wagga. Medical training will be consolidated at Portsea, pending the establishment of a tri-Service medical centre. There will be increased use of civilian staff and commercial support in technical training and support areas.

Facilities

1.21 Facilities will be rationalised. HMAS PLATYPUS in Sydney will close with the phasing out of the Oberon class submarines later in the decade (subject to confirmation that facilities to support east coast submarine operations can be provided elsewhere in Sydney; and HMAS NIRIMBA will close as a consequence of concentrating naval technical training at HMAS CERBERUS. With the changes to the Army structure, there will be an opportunity to rationalise Army facilities by concentrating at a smaller number of bases and depots. The airfields at Laverton and Point Cook will be disposed of, although some facilities at those locations will be retained. Operations at Fairbairn will be scaled down.

A Ten Year Development Plan

1.22 These proposals are incorporated in a ten year development plan. In developing such a plan, it is important to avoid overcommitment to unrealistic targets and associated savings expectations which might not be met. For programming purposes, Defence is assuming the savings likely to be achieved from only the initial phase of commercial support proposed by the Interdepartmental Committee on the Wrigley Report "The Defence Force and the Community", and other specific changes identified during the course of the Force Structure Review.

1.23 Similarly, no targets have been set for revenue from asset sales because of the difficulty in determining likely net proceeds. The commercial support/civilisation program will be introduced in stages to avoid excessive early costs, and to allow Defence to develop expertise in handling large scale commercialisation.
1.24 The personnel reductions, including those from Defence efficiency measures and the allowance made for commercial support, amount to almost 10,500 regular personnel. These reductions are substantially offset by the introduction of some 4,100 ready reserves (450 Navy, 3,200 Army and 450 Air Force) and the replacement of almost 4,000 service personnel with contractor support. Civilians within Defence would reduce by over 3,800, including some 1,100 positions made available for contract. The overall reductions will be refined as the processes of commercial support and civilianisation advance, and additional savings can be more accurately identified.

1.25 Personnel reductions will largely be achieved by natural wastage, combined with a reduction in recruiting of less than 15% per year. Scope for some management initiated voluntary redundancies will assist in managing these reductions, particularly to maintain the rank/skill structure.

1.26 These proposals are consistent with an assumption of no real financial growth over the decade. Should higher funding be provided, Defence would propose to apply the additional funds primarily to the capital investment program, by bringing forward proposals that have been deferred or reduced. Examples of high priority projects are helicopters for the ANZAC frigates, reconnaissance and troop lift helicopters for Army, and airborne early warning and control aircraft.

1.27 Should financial resources over the decade fall significantly below no real growth, then all savings outlined above would be required, but few of the priority programs could be funded. A sustained reduction in resources of -1% per year would require cuts to Defence outlays of the order of $7.3b over the decade from the present guidance of +1% real growth. This could reduce Defence expenditure from the present 2.3% of GDP.

1.28 The outcome of such a program of sustained reductions would be a less capable ADF with little strike or expansion capability. There would also be no significant capacity to contribute to regional security and allied interests, or to peacekeeping operations. The strategy of defence in depth outlined in "The Defence of Australia 1987" would no longer be achievable. This would have major implications for broad community acceptance of Australia's defence posture.

CHAPTER TWO

RESTRUCTURING THE ADF FOR THE NEXT CENTURY

2.1 Australia's strategic defence planning establishes guidance and priorities for force structure development. This emphasises the essentiality of exploiting wider national resources, and the need to ensure that the ADF maximises its combat capabilities as Australia moves into the next century. The Force Structure Review considered the way ahead under the principal ADF roles, consistent with strategic guidance and the emphasis on a joint approach to force structure planning and development.

COMMAND, CONTROL AND COMMUNICATIONS

2.2 Arrangements for command and control now reflect the responsibility of each of the Joint Commanders and Commander Northern Command to the Chief of the Defence Force. A Commander Joint Forces Australia may be appointed for significant operations. It is planned to collocate the Joint Commanders later this decade, to improve co-ordination and gain economies in overheads. The Joint Commanders are also responsible to their Service Chiefs of Staff for all activities relating to the raising and training of forces assigned to them.

"Arrangements for command and control..."
Communications Network are now jointly operated, but tactical systems are still operated and maintained by the single Services.

"Efficient and reliable communications..."

2.4 Technological developments have transformed civil telecommunications in Australia, and the range of services available has increased dramatically. By the mid-1990s, all significant centres of population, including those in northern Australia, will have access to modern digital services. The survivability of the civil network has improved (and will continue to do so) through greater route diversity and redundant switching capacity for major centres.

2.5 The ADF utilises leased satellite capacity for strategic communications, but largely relies on high frequency communications for tactical purposes. More extensive use of reliable satellite communications is planned, but acquisition of a Defence-owned satellite would be very expensive.

2.6 Specific proposals for restructuring Defence’s command, control and communications systems are:

a. Increasingly provide high capacity strategic communications through the civil network.

b. Develop an austere system to back up the civil telecommunications network, and then relinquish fixed high frequency strategic communication sites in Brisbane, Sydney, Melbourne, Hobart and Adelaide.

c. Provide single Service tactical high frequency communications by joint stations sited away from urban areas, with the planned Navy Communications Station Wagga becoming the first such joint station.

d. Use the AUSSAT B Series satellite L Band service to provide satellite services to mobile ADF users over the next decade, under the MILSATCOM project.

e. Constrain the Army communications projects RAVEN and PARAKEET, with lesser cost options for later phases of Project RAVEN being investigated.

f. Seek savings in the order of 1,500 personnel (service and civilian) from rationalisation and commercial support of communications functions.

INTELLIGENCE COLLECTION AND EVALUATION

2.7 Intelligence provides early warning, and is central to the ADF’s level of operational readiness. The Defence Organisation’s current capabilities are extensive, and the substantial investment planned over the next decade reflects the high priority given to this role.

2.8 The Defence Signals Directorate and the Defence Intelligence Organisation are the principal dedicated Defence intelligence assets. The Defence Signals Directorate provides signals and communications intelligence, while the Defence Intelligence Organisation has analytical and reporting capabilities covering regional military, technological and political developments. It has a limited capability to cover developments further afield, but in those areas it is more dependent on information from overseas cooperating agencies.

2.9 A particular priority in the first part of the 1990s will be to ensure the more effective use of intelligence for operational purposes. This will involve investment in systems to pass information from sensors to multi-source integration centres, to analyse it using well-developed data bases, and to distribute the processed intelligence to decision-makers and operational units on a timely basis.

2.10 A detailed knowledge of Australia’s environment is essential, and planned investment in the mapping and charting effort will continue as a high priority. There is no current oceanographic capability, which prevents further development of a maritime environmental data base. The acquisition of a new class of offshore hydrographic and oceanographic ships will rectify this deficiency.

2.11 Specific proposals for the priority development of intelligence collection and evaluation are:

a. Develop an automated intelligence system.
2.14 As with intelligence, increased priority will be given to the integration of data from military and civilian sources to provide a comprehensive surveillance picture. Provision has also been made for the acquisition of airborne early warning and control aircraft later in the decade.

2.15 Defence will continue to monitor developments in space-based surveillance technology, which has advanced rapidly in recent years.

**Surface Surveillance**

2.16 The operational over-the-horizon radar network will also provide surface surveillance over the northern and north-western approaches to Australia.

2.17 The major ADF platform presently used for broad area surface surveillance is the P3C aircraft, which will be maintained in service into the next decade. Its surveillance effectiveness will be improved, particularly by fitting a longer range radar that gives a higher probability of detecting vessels with small radar cross sections, and that includes features which enable tracking and classification of those contacts.

2.18 The Navy’s major surface units contribute to surveillance, but over limited areas. These areas can be increased significantly by the allocation of surveillance helicopters to surface ships. Patrol boats also contribute to surveillance, but are limited by adverse weather.

2.19 The introduction of dedicated towed acoustic array ships would add to the surface and sub-surface surveillance picture in deep ocean basins. The only deep ocean basins with much surface traffic are off the north-west of Australia and Sydney, and there are very few regional submarines. Little priority should therefore be given to the construction of dedicated ships for this task. Trials will be conducted, however, to develop a tactical acoustic array which can be deployed from the ANZAC frigates to enhance their passive surveillance capabilities.

**Sub-surface surveillance**

2.20 Sub-surface surveillance is provided by P3Cs, surface ships, and submarines. They can only cover limited areas, but the effectiveness of both surface ships and submarines will be enhanced by the use of towed acoustic arrays.

**Submarines**

2.21 In the light of current strategic priorities, two major issues involving significant capital expenditure have been reassessed. The first, and more important, is whether additional numbers beyond the six Collins class on order can be justified, and the second is whether any submarines should be fitted with air independent propulsion systems.
2.22 **Additional Submarines.** Australia's submarines have high utility as a counter to an adversary's maritime forces. Any state contemplating hostile maritime action against Australia must anticipate the possibility of submarine surveillance, patrol and attack. Two of the six Collins class submarines could be deployed continuously on patrol, often supplemented by more. This is a formidable capability in regional terms, and the high capital cost for two more Collins, together with their personnel and operating costs, would not be a cost-effective means of expanding the ADF's capabilities, given other priorities over the decade.

2.23 **Air Independent Propulsion.** The fitting of air independent propulsion to the last four submarines, at almost the cost of an ANZAC frigate, would enable those submarines to remain totally covert significantly longer than the already very capable Collins. Tactical advantages clearly accrue from such an improvement, but in the current strategic environment it commands little priority. Future developments in air independent propulsion will be monitored with a view to their adoption if strategic circumstances dictate.

**Summary**

2.24 Specific proposals to improve Australia's maritime surveillance capabilities are:

a. Give high priority to the development of integrated joint-service surveillance information systems and data bases drawing on civil and military sources.

b. Develop an operational over-the-horizon radar network of two radars, and review the need for a third radar later in the decade.

c. Update and upgrade the P3C aircraft fleet over the decade, giving particular priority to the early introduction of a new surface surveillance radar.

d. Plan to introduce an airborne early warning and control capability later in the decade.

e. Maintain a fleet of six submarines, monitor developments in air independent propulsion, but not plan to fit this to any submarines at present.

f. Develop integrated maritime surveillance data bases, drawing on civil and military sources.

**MARITIME PATROL AND RESPONSE**

2.25 The possibly unpredictable nature of operations in Australia's northern and north-western maritime approaches demands flexible forces able to locate, identify, track and engage surface and sub-surface targets.

2.26 The submarine force would normally be tasked with patrol operations in focal areas. Its torpedoes and missiles provide a tactical response capability. P3C, F-111C and F/A-18 aircraft can also use missiles in maritime response operations. Aircraft can patrol larger areas and respond more quickly over greater distances than can surface ships and submarines, but naval vessels can remain on station for extended periods. A balance between aircraft, surface ships and submarines is needed to provide flexibility.

**Surface Combatant Types**

2.27 The surface combatant force can be developed under two broad classifications: destroyers/frigates and offshore patrol vessels. The planned force should consist of a balance of destroyers and frigates equipped with helicopters and air defence systems, and offshore patrol vessels for operations in the Australian fishing zone and offshore territories.
Surface Combatant Numbers

2.28 The number of surface combatants and the levels of capability that they should possess depend on the number of tasks that could be expected to be undertaken, the nature of those tasks, and the tactical environment in which they will be conducted.

2.29 The use of pairs of surface combatants to patrol the approaches to Australia between, say, Derby and Torres Strait, could require about eight ships. Simultaneous patrol tasks off the north-east coast and North West Cape could involve a further two. With allowance for refit and maintenance, a force of 16 surface combatants, with afloat support, would be required to maintain ten on station.

2.30 The protection of Cocos and Christmas Islands, and offshore resource platforms, could require a further four surface combatants, and if required, convoy operations could absorb a further four. A force of twelve surface combatants would be required to maintain these eight on task. Realistic tasking levels indicate that 16 of the 28 surface combatants should be destroyers or frigates.

Future Destroyers/Frigates

2.31 The last DDG is planned to pay off in 2001, leaving the number of destroyers and frigates then at eleven (one more than the present ten). With the progressive introduction of the ANZACs, the total will rise to 14 in 2005. Without a continuing ship building program, numbers will start to reduce in 2008, as the first FFG reaches the end of its life.
2.32 Planning to replace the DDGs will proceed on the basis of an ANZAC derivative. This would also maintain the continuity of Australian shipbuilding, to achieve commonality, to facilitate through life support and training, and to build the number up to 16. ANZAC derivatives could also replace the first four FFGs.

2.33 The ANZAC derivative can utilise the basic ANZAC design concept, but allow for improved capability and future technological developments. The project could start about 1997, allowing first delivery about 2006. This would leave a five year gap between paying off the last DDG and entry into service of the first ANZAC derivative, but this is considered acceptable.

Destroyer Modernisation Refits

2.34 The ADF has for some time followed a program of mid-life modernisations of the destroyer force as a means of providing capability enhancements and life extensions. The modernisation refits, without exception, have been lengthy. Reduced operational availability, together with considerable capital expenditure, have been consequences of these programs. The concept of mid-life modernisations is not cost effective, and will not continue. More modest capability enhancements, generally achieving similar outcomes, can be undertaken within the ship's normal maintenance cycle.

Future Patrol Vessels

2.35 The Fremantle class patrol boats currently conduct patrol and intercept operations within the Australian fishing zone. They are due to commence paying off in 1997, with all 15 boats being retired by 1999. While their replacement by twelve offshore patrol vessels is proposed, it is unlikely that these could be available before the end of life of the Fremantles.

2.36 It would not be acceptable to suspend the conduct of the important peacetime surveillance and law enforcement activities in the maritime approaches and fishing zone pending the introduction of new offshore patrol vessels. Therefore a life extension, to early next century, for the Fremantles is essential. The project for a future offshore patrol vessel could start about 1997, with first delivery in about 2004.

2.37 The offshore patrol vessels ideally should be less limited by sea state and more heavily armed than the Fremantle class patrol boats. An appropriate command and control system, good communications, surveillance and electronic support measures systems are highly desirable.

Summary

2.38 Specific proposals to develop improved maritime patrol and response capabilities are:


b. Plan for an ANZAC derivative, with first delivery in about 2006.

c. Give high priority to life of type extension and sensor upgrade of the Fremantle class patrol boats.

d. Plan to bring a replacement offshore patrol vessel into service, with first delivery in about 2004.

e. Discontinue modernisation refits of major surface combatants in favour of capability upgrades within normal refit cycles.

AIR DEFENCE

2.39 The 73 F/A-18s are the ADF's principal air defence assets. One squadron is based at Tindal, south of Darwin, the other two at Williamtown, near Newcastle. Fighter operations can also be conducted from Darwin, and the bare bases at Learmonth and Curtin (near Derby).
2.40 The National Air Defence and Airspace Control System provides for the coordination of ADF and civil assets for air defence. The air defence systems of Navy's destroyers and frigates can be linked into this system.

2.41 Development of the northern airfields will continue to receive priority, and by late this decade RAAF Base Scherger (near Weipa) will complete the chain of airfields to support operations across the breadth of northern Australia and forward in the sea and air approaches. Scherger will be capable of supporting the full range of ADF aircraft.

2.42 The introduction of air-to-air refuelling for F/A-18s, using converted Air Force B707 aircraft, has extended their radius of operation significantly. Air defence can also be provided by the F-111Cs armed with short range air-to-air missiles, but these aircraft are limited by their radar and weapons' systems.

2.43 The ground based air defence systems, Rapier and RBS-70, provide a point defence capability. Such missile systems are important, and their replacement will be considered towards the end of the decade.

2.44 Specific proposals to maintain the ADF's air defence capability are:

a. Manage the F/A-18 fleet to ensure a life-of-type to around 2010, including by the use of reserve aircrew.

b. Retain the Rapier and RBS-70 ground-based air defence missile systems with some limited updating; their replacement will be considered towards the end of the decade, when more capable systems may be available.

c. Examine the practicability of using more reserves to operate Rapier and RBS-70.

PROTECTION OF SHIPPING, OFFSHORE TERRITORIES AND RESOURCES

2.45 Protection of shipping, offshore territories and resources are potentially most demanding tasks, requiring the deployment of forces over extended distances. Submarines and patrol boats can make some contribution, and F-111Cs and F/A-18s can also assist, but the major burden will fall on the destroyers, frigates and maritime patrol aircraft.

2.46 Increasing the total number of destroyers/frigates to 16, and replacing the Fremantle class patrol boats with twelve more-capable offshore patrol vessels, will improve the ADF's capability. It will be important to match the capabilities of destroyers/frigates to their tasks, and air defence missiles and helicopters will continue to be given a high priority.

Naval Weapon Systems

2.47 The air defence of maritime units is built on the concept of layered defence. This involves engagement of the target, firstly by fighter aircraft, if available, then by medium range area defence systems, then finally by each ship's self-defence system.
2.48 The current self-defence system, the Phalanx, is not yet fitted to all destroyers and support ships. A pooling concept will be developed, with all appropriate ships being fitted for but not with the system.

2.49 The Seacat air defence weapon system is unable to operate successfully against an anti-ship missile because of fuse limitations, or against manoeuvring or crossing targets. It now has very limited operational value, has become maintenance intensive, and has been withdrawn from service.

2.50 The Ikara anti-submarine system is fitted in the three destroyer escorts and the three DDGs. It is reaching the end of its economical life and is maintenance intensive. The Seahawk helicopter provides an alternative stand off weapon capability, and there is little justification for retention of Ikara, which has been withdrawn from service.

**Mine Countermeasures**

2.51 Successive governments have called for a high priority to be given to the development of a capable mine countermeasures force to ensure that Australia's major strategic ports can be kept open. It is a matter for concern that so little substantive progress has been made. The inshore minehunter project has not met performance expectations, and there are also severe limitations to its deployability around the Australian coast. It is therefore time to turn to proven alternatives.

2.52 For similar expenditure to that sought for the production phase of the inshore minehunter project, coastal minehunters of proven design, without the limitations of the inshore minehunter, could be acquired.

2.53 A complementary minesweeping capability is needed. The sweeps developed by the Defence Science and Technology Organisation are being successfully trialled using converted fishing boats as auxiliary minesweepers. These sweeps could also be deployed from a coastal minehunter, and therefore it is no longer necessary to develop a permanent core force of auxiliary minesweepers. Nevertheless this concept will be proven, and provides the basis for timely expansion, drawing on civil resources.

2.54 In relation to maritime mining, the current capability provided by bomb conversion kits is adequate.

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"...sweeps developed by the Defence Science and Technology Organisation..."
PROTECTION OF IMPORTANT CIVIL AND MILITARY ASSETS AND INFRASTRUCTURE

2.56 Ground combat elements of the Army will provide protection for the northern infrastructure. The number of individual assets which could need to be defended is well beyond the capacity of the existing Army structure if a policy of static defence were to be adopted. While some vital facilities will be the subject of plans for hardened defences and positioned forces, others will have to be provided for by improved land surveillance and high mobility combat elements.

RESPONSE TO INCURSIONS ONTO AUSTRALIAN TERRITORY

2.59 The ADF could be required to respond to land incursions across the north, from the Pilbara to north Queensland. The form of such responses will depend on the nature of the incursions and the extent to which Australian interests are affected by them. It is necessary, however, to have more, readily available, rapid response forces based in the north both to deter and to counter more immediate threats.

2.60 A balanced capacity to mobilise and transport support elements and reinforcements quickly from other parts of the country is also required. An important adjunct is the need for an improved capacity to obtain support from the civilian infrastructure, particularly in northern regions.

2.61 Critical to the conduct of operations will be familiarity with the northern environment, an effective surveillance and intelligence system integrated with the civilian infrastructure, and forces with the mobility to move rapidly to all parts of the operational area in all seasons. The existing presence of regional force surveillance units will continue to be strengthened by improved equipment allocations and enhanced command and control systems. Southern based units will continue to train in the north, with emphasis on greater reactive capacity through higher mobility.

2.62 More regular units will be based in the north. In addition to 2 Cavalry Regiment (to be deployed in 1993), an armoured regiment with one regular tank squadron, logistic support elements, and an aviation squadron will be moved to Darwin in 1995, to be
followed by an infantry battalion in 1998. Headquarters 1 Division will be reduced in numbers from a conventional divisional headquarters to an establishment and training focus appropriate to its new primary role as a deployable joint force headquarters.

2.63 These changes will be paralleled by a change in the balance between regular and reserve numbers. While the existing Army Reserve will remain the same size, by 1996 a new form of more completely trained and equipped reserve will have replaced 6 Brigade and its supporting arms and service units in south Queensland. These ready reserves will number some 3,200, the majority of whom would be available for operations at a degree of notice approaching half that of conventional reserves.

2.64 The new force structure will be enhanced by more comprehensive mobilisation planning designed to identify the options for increasing readiness and expanding the Defence Force when necessary. An Army Reserve divisional headquarters will be maintained to develop the skills and doctrine for conventional divisional operations.

2.65 The limited surveillance and night fighting capability of the ground combat force will be improved by the early procurement of individual and unit line-of-sight sensors. Unattended ground sensors and unmanned aerial vehicles should be evaluated for the Australian environment. A new helicopter with endurance and surveillance characteristics more suited to northern operations should be evaluated to replace the Kiowa later in the decade.

2.66 The tactical mobility of combat elements can be increased in the short term by redistributing wheeled vehicles, so that battalions and brigades have integral mobility. A new wheeled armoured fighting vehicle will equip 2 Cavalry Regiment to match the demands of its future operational tasks. In the longer term, a new tactical troop carrier should be sought to replace the M113A1 tracked armoured personnel carriers at the end of their service life.

2.67 Infantry battalions will continue training in air movement. This will include both helicopter and aircraft movement, to meet the demand for high tactical mobility in all seasons. Negotiations are proceeding with the United States to reintroduce four to six Chinook helicopters upgraded to CH47D standard, by 1994, to support Blackhawk helicopter operations. A reduced fleet of 14 Caribou aircraft will be retained to complement Army’s helicopter transport capacity. The need for a replacement aircraft will be assessed later in the decade.

2.68 C130 Hercules aircraft will have an increased tactical transport role in addition to the strategic transport tasks currently performed by the C130E. It is planned to upgrade the C130 fleet during the decade by replacing the E model, possibly with the more capable and less maintenance intensive H model.

2.69 Strategic air transport will be provided by the B707s and the C130s, supplemented by civil aircraft as required. The provision of civil aircraft under Memoranda of Understanding with civil airlines will release C130s for the more immediate support of operations.

2.70 Heavier strategic lift capacity for the movement of equipment and supplies will be provided by civil land and sea transport agencies. Although ADF sea transport assets can be used in the strategic lift role, their primary tasks will be operational support of combat forces. A helicopter support ship has low priority for northern operations, but could be useful as a base for operations in inhospitable coastal regions, particularly during the wet season. The Navy’s six heavy landing craft and Army’s 16 medium landing craft can provide limited operational support, and more of both types will be based in the north.
Infantry battalions will continue training in air movement.

Summary

2.71 Specific proposals for developing the Army are:

a. Restructure around a combat force of some 11,000 regular, 3,200 ready reserve and 21,000 reserve personnel, based on ten brigades. Emphasis will be given to independent brigade operations, with a high level of integral mobility in each brigade group.

b. Reduce Headquarters 1 Division in size, and make it available for the deployable joint force headquarters role.

c. Retain Headquarters 2 Division as an Army Reserve headquarters to develop the skills and doctrine for conventional divisional operations.

d. Base two regular brigades in northern Australia (Darwin and Townsville).

e. As well as the regular brigade headquarters and 2 Cavalry Regiment in Darwin, move the following units there progressively over the 1990s: an armoured regiment with one regular tank squadron; a composite aviation squadron; and an infantry battalion.

f. Convert the Brisbane based 6 Brigade progressively from an integrated to a ready reserve brigade group.

g. Maintain seven Army Reserve brigades, based throughout Australia as at present.

h. Develop proposals for a new infantry mobility vehicle to support independent brigade group operations.

i. Replace the twelve C130Es, and consider fitting some of the new aircraft for, but not with, an air-to-air refuelling capability.

j. Reintroduce four to six Chinooks subject to negotiating a satisfactory upgrade agreement with the United States.

k. Reduce the operating Caribou fleet from 21 to 14 aircraft.

l. Give priority to the acquisition of night vision devices and line-of-sight sensors for ground operations.

STRATEGIC STRIKE

2.72 The strike option becomes more important during any escalation. The ability to attack an adversary's bases and communications may be important to control escalation and encourage negotiations.

2.73 The F-111C is able to conduct selective strike operations against both land and maritime targets at up to 1,000nm from mainland Australia, without air-to-air refuelling. The F/A-18 could complement the F-111C, but with lesser payloads and at shorter ranges. Submarines and special forces can also contribute to strategic strike.
2.74 Retention of the ability of the F-111C to strike targets with relative impunity is important, and the acquisition of small stocks of selected stand-off weapons will provide training and a limited operational capability. A significant upgrade for the F-111C’s avionics, to retain the aircraft in service, was recently approved.

2.75 At the present flying and peace-time attrition rates, the F-111C is expected to remain in service until around 2010. Early next century consideration will again have to be focussed on the future of the Strike Reconnaissance Group. At present no affordable aircraft with the F-111C’s capabilities is in prospect, and it is likely that the F-111C and F/A-18 will be replaced by a single aircraft type.

Summary

2.76 Specific proposals to maintain a strategic strike capability are:

a. Acquire small stocks of stand-off weapons for the F-111C.

b. For the first time, use twelve reserve F-111C crews to supplement the number of regular crews in the event of contingencies (and reduce the number of regular crews by three).

RESPONSE TO REGIONAL REQUESTS

2.77 Requests for ADF support to regional nations could arise with little warning, and the speed and direction of developments might be unpredictable. There is considerable versatility within the present and planned force structure to respond flexibly to a wide range of situations. Planning will focus on identifying and testing a range of response options rather than on developing specific capabilities.

2.78 All naval units can contribute to regional operations by transporting equipment, stores and personnel. While the ADF currently has no single vessel capable of operating a number of helicopters simultaneously, there are alternatives, using HMAS TOBRUK and the helicopter capable FFGs. The key issue, however, is not so much the platform but a large utility helicopter able to operate at sea, noting the limitations on the Sea King’s life. The Blackhawks are not suitable for this role without expensive modifications (folding rotor blades and marinisation to prevent corrosion). Provision has been made to acquire six suitable utility helicopters later in the decade.

2.79 Combat elements of the Army, including special forces, can respond to incidents involving the safety of Australian nationals and support regional states in maintaining or restoring law and order.

2.80 To improve the ADF’s ability to respond to regional requests, the training ship acquired to replace HMAS JERVIS BAY later in the decade will have the dual role and capability of helicopter support ship; this ship might also be considered as a replacement in part for the capability provided by HMAS TOBRUK, which reaches end of life in about 2010.

SUPPORT

2.81 The logistics and training organisations must be capable of supporting joint operations across northern Australia and in adjacent maritime areas.

Two Ocean Basing

2.82 In the 1987 White Paper, the Government endorsed the need for Navy to operate effectively from both eastern and western Australia. The development of HMAS STIRLING as a main base for about half the fleet has proceeded on this basis.

2.83 The retention of the east coast submarine base at HMAS PLATYPUS cannot be justified after the retirement of the Oberons. All the Collins class submarines will be based in the west, but there will be a need for continuous deployments to the east, to provide anti submarine warfare training for the destroyers and frigates based there. Specialist berthing and support facilities will be provided in Sydney for the deployed submarines.

2.84 Specific proposals relating to the development of Naval basing policy are:

a. Base two FFGs at HMAS STIRLING, at least until ANZAC numbers are sufficient to maintain an overall force of four destroyers/frigates in the west.

b. Base all six Collins class submarines at HMAS STIRLING, but deploy one or two continuously off the east coast.
c. Close and sell HMAS PLATYPUS when the last Oberon class submarine is paid off in 1998, subject to a cost effectiveness study into providing alternative specialised berthing and support facilities in Sydney for up to two Collins class submarines.

**Northern Strategic Airfields**

2.85 Government has endorsed the need for a chain of northern airbases from Learmonth to Townsville. The bare airbases at Learmonth, Curtin and Scherger (when built) have caretaker staff only. The operational bases and joint user airfields at Darwin, Tindal and Townsville have some 2,250 service personnel and about 150 civilians. Efficiencies and increased commercial support will reduce the number of Defence personnel at Darwin and Townsville.

**Southern Airfields**

2.86 There are about 15,300 service personnel and almost 900 civilians located at the twelve ADF airbases in southern Australia. These bases are: Amberley; Oakey; Williamtown; Richmond; Nowra; Fairbairn; Wagga; East Sale; Laverton; Point Cook; Edinburgh and Pearce. Defence also owns the airfields at Woomera, which is essentially a bare base, and Avalon, which has been leased to Aerospace Technologies of Australia for 99 years.

**Other RAAF Bases**

2.87 Some support personnel from southern bases would be needed to staff the bare airbases at Learmonth, Curtin and, in future, Scherger, when operational units deploy to conduct operations there, and to reinforce the bases at Darwin and Tindal. Personnel numbers would depend on the level of forces deployed and the duration and tempo of the activity. For planning purposes, it has been assumed that up to 700 personnel would be needed to activate two bare bases and about 500 to augment Darwin and Tindal.

2.88 Major savings in service personnel at the southern airfields will be made by extensive rationalisation, and expansion of commercial support and civilianisation. Key areas in which commercial support or civilianisation will be extended include depot level maintenance and base support. Other personnel savings will come from a reduction in the total number of airfields, with the closure of those at Laverton and Point Cook.

2.89 Extensive rationalisation, civilianisation and commercial support are proposed for other major Air Force bases, where some 3,000 service personnel and over 1,300 civilians are employed. Changes flowing from the Defence Logistics Redevelopment Project, in particular, will have a major impact on the Air Force stores depots. Overall, Air Force will be reduced by some 4,200 service personnel following a restructuring of Air Force support functions, offset over the decade by the commercial support of the functions of some 2,000 of these positions.
2.93 These advantages can be enhanced by having a single Service manage pilot training. Air Force will be responsible for the entire scheme, except for rotary wing training, for which Army will be responsible. Each Service will be responsible for operational conversion courses for its pilots.

**Training Rationalisation**

2.94 Some savings in the training force will flow directly from a reduction in the total number of regular personnel in the ADF. Further savings will be found through a combination of decreasing the training load, increasing efficiency, and changing the approach to training. In particular, in the Army reserve, University Regiments will be confined to the role of producing officers, allowing significant numbers of personnel to be redeployed to the combat force.

2.95 The ADF has some 200 schools (mostly single Service) throughout Australia, providing instruction in a wide range of skills, many of which are common to the three Services. There is considerable scope for rationalisation, with savings in administrative overheads, personnel and facilities.

2.96 Currently, technical trade training is conducted at HMAS CERBERUS, HMAS NIRIMBA, HMAS ALBATROSS, the Army College of Technical and Further Education (Bonegilla), the Royal Australian Electrical and Mechanical Engineers Training Centre (Bandiana), the RAAF’s Radio School (Laverton) and the RAAF School of Technical Training (Wagga).

2.97 Rationalisation of some aspects of technical trade training on a joint service basis will produce personnel savings. Potential areas of common training include the aircraft technical, motor vehicle, electrical/electronic and metalworking trades. There is also potential for further savings from commercial support and civilianisation of technical trade training.

2.98 There is little need for the Services to maintain schools which provide only small outputs in terms of the national capacity for training in common technical skills. Non-equipment-specific trade training at civilian institutions is feasible. Many of the 1,400 military and 450 civilian personnel involved in technical trade training need not be directly employed within the ADF, and significant operating cost savings will be realised. Some skills, however, are specific to the Services, and in such fields it will be necessary to retain the Service training function and accept the high associated overheads.

2.99 Specific proposals to produce economies in the ADF training system are:

a. Change individual Army training programs and establishments, to effect personnel savings including from commercial support and civilianisation.

b. Confine the role of University Regiments to the production of officers.

c. Consolidate Navy’s technical trade training (other than for air technical trades) at HMAS CERBERUS, and dispose of the property at HMAS NIRIMBA.
Centre all ADF aviation related trade training schools at RAAF Base Wagga.

Combine Air Force’s motor vehicle trade training with Army’s at Bonegilla/Bandiana.

Where practicable, provide technical and trade training by civilian staff.

Combine basic clerical training for the Services, possibly at RAAF Base Wagga.

Combine aspects of electrical/electronic trades, metal trades and communication centre operator training, conduct non-equipment-specific trade training at civilian institutions, and review the potential for civilianising education/instructor officer positions.

Support from the Civil Community

2.100 The ADF already relies extensively on support from the civil community. Some 14,700 civilians are employed by the Services, largely in administrative support functions. The rate of commercial support and civilianisation will increase over the next decade, as Defence promotes the transfer of activities to industry where this is operationally feasible, practicable, and cost effective. Functions which will be considered for commercial support or civilianisation include administrative support, rear area transport, catering and facilities maintenance.

2.101 ADF involvement in repair, maintenance and overhaul of equipment should be focussed on those tasks necessary to support operations. This means that priority will go to field repair of tactical systems. Base repair can be contracted to industry, both on grounds of efficiency, and to assist in the development of greater national self-reliance. Moreover, major capital equipment projects will include arrangements for through life logistic support by contractors along the lines recently provided for the ANZAC frigates, aircraft simulators and over-the-horizon radars.

2.102 Memoranda of Understanding have been developed with transport industry associations to provide agreed arrangements for the use of civil transport resources in times of Defence need (including exercises). They provide a framework for commercial contracts to be raised and implemented quickly.
2.103 In July 1990, there were 55 vessels of 2000 dead weight tonnes or over on the Australian Shipping Registry. Up to 23 of these vessels could be used to provide logistic support. Foreign vessels also may be available by charter. The ability of the ADF to utilise the civilian distribution infrastructure will be enhanced through the ADF’s use of civilian standard containers within the logistics system.

2.104 Air transport planning will maximise the use of civil assets for strategic air transport, allowing the ADF to concentrate on providing military capabilities which are not available in the civil fleet. Generally, civil aircraft will be used to transport personnel and light freight.

CONCLUSION

2.105 These force structure changes are desirable to better meet strategic priorities, and to enhance efficiency. They maximise the ADF’s capacity to draw on national resources as a whole to meet credible military threats. They will provide a force capable of overcoming the long distances and isolation of Australia’s environment. Defence strategy is designed to capitalise on Australia’s geographic advantages, and ensure that any aggressor would face major obstacles in an attack on this nation. It also ensures that Australia can make a contribution to operations further afield and, when required, support friends, allies, and activities sanctioned by the United Nations.

2.106 Most importantly, while Australia does not now face a military threat, these changes will ensure that the ADF will be able to respond quickly to any threat that could emerge, and to do so with the full support of the Australian community and the backing of all national resources. The changes constitute a long term program to restructure and improve the effectiveness of the ADF.
CHAPTER THREE

RESOURCE IMPLICATIONS

INTRODUCTION

3.1 When the White Paper, “The Defence of Australia 1987”, was being developed, Government financial guidance was for +1% real growth in the budget year and +3% growth thereafter until 1991-92. Since the White Paper, the real growth in Defence outlays has averaged 0%, while financial guidance has averaged +1%. A firm base for financial planning is critical to longer term planning, and in the last three years, Government financial guidance (+1% real growth) has become more realistic in relation to expenditure. This is illustrated in Figure 1.

DEFENCE FINANCIAL GUIDANCE AND ACHIEVED OUTLAYS

![Graph showing Defence Financial Guidance and Achieved Outlays](image)

3.2 Given the continued need for fiscal restraint and the current economic prospects for Australia, it would not be realistic to assume that +1% real growth can be achieved over the decade. For the purposes of the Force Structure Review, a basic program has been developed which assumes no real growth, consistent with actual outlays in recent years.

DEFENCE EXPENDITURE BY MAJOR CATEGORY AS A % OF TOTAL

![Graph showing Defence Expenditure by Major Category](image)

3.3 Figure 2 shows the relativities between the three major categories of expenditure: personnel, investment (including capital, facilities and housing), and operating costs. Over the last three years these relativities have been fairly stable. In a period of no real growth in Defence expenditure, it has become more difficult to maintain a high level of investment because there have been increasing pressures from personnel and operating costs, in part caused by the introduction of new capabilities. This is also illustrated in Figure 2. Constraints in personnel costs have been achieved by increasing productivity.

DEFENCE EXPENDITURE BY MAJOR CATEGORY

3.4 Since 1987, significant progress has been made on key recommendations of the White Paper, including: new submarines, ANZAC frigates, over-the-horizon radar, F-111C update, Seahawk and Blackhawk helicopters, Army trucks, and the substantial completion of RAAF Bases Tindal and Curtin.

3.5 The funding of major White Paper initiatives has reduced the amount of discretionary expenditure available to Defence in the short term. This commitment to major capital programs has also reduced much of the flexibility in Defence planning which enabled competing resource demands to be balanced. The short term problem is thus to develop a strategy to overcome these resource pressures over the next few years.

3.6 Figure 3 shows that the approved capital equipment expenditure declines sharply after 1994/95, increasing the scope for initiatives later in the decade. It is important to ensure there is sufficient flexibility in funding to undertake such
initiatives, because from the turn of the century there will be heavy demands to replace obsolete equipment (such as the DDGs, Fremantle class patrol boats, M113 tracked armoured fighting vehicles, and F-111Cs).

3.9 Given the high existing capital commitment in the early years, as shown in Figure 3, major resource issues facing Defence in this decade are the need to:

a. maintain a significant level of investment;

b. attract and retain sufficient high calibre personnel; and

c. allow adequate operating costs for the current and planned capabilities, and to cater for the increased costs associated with a greater focus on the north and west.

IMPACT OF FORCE STRUCTURE REVIEW PROPOSALS

3.10 Defence proposes a number of initiatives to improve overall effectiveness. The costs of these initiatives are largely offset by savings from reductions in personnel.

Capital

3.11 With no real growth in expenditure, there will be very limited funds available for new capital equipment over the next few years. Sufficient funds can be made available, however, for projects such as mine countermeasures vessels, hydrographic ships, wheeled armoured fighting vehicles, and upgrading the P3Cs. Project definition funding can also be provided for those projects that will have a high spend profile later in the decade.

3.12 Should higher funding be provided, Defence would propose to apply the additional funds primarily to the capital investment program, by bringing forward proposals that have been deferred or reduced. Examples of high priority projects are helicopters for the ANZAC frigates, reconnaissance and troop lift helicopters for Army, and airborne early warning and control aircraft.

Facilities

3.13 The Force Structure Review's proposals have only a minor direct impact on planned facilities development. Allowance has been made, however, for the planned move of the Army to the north. The flow-on effects resulting from other changes, including the impact on housing and accommodation from the personnel changes, can be addressed in detail only after decisions are taken by the Government.

Operating Costs

3.14 A number of planned initiatives, including the build up in Western Australia by Navy and the increased Army presence in the north, will increase operating costs by
some $480m over the decade. This will be largely offset by the reduced personnel related 
operating costs from the smaller ADF and from the potential savings from commercial 
support, resulting in a net increase of some $45m.

Commercial Support

3.15 The Interdepartmental Committee on the Wrigley Report “The Defence Force 
and the Community” identified a number of specific ADF support activities for which 
testing the possibility of commercial support should begin immediately. These have 
been referred to as Tier 1 contracting proposals. They are activities where commercial 
support will not impair readiness, where industry capacity exists, where there is 
potential for major cost savings, and where successful implementation will provide a 
useful precedent for further commercial support efforts. They include catering, base 
support, aircraft maintenance, transport, clothing supply, and training activities.

3.16 Tier 1 as recommended by the Interdepartmental Committee involves some 
2,100 service and 1,100 civilian positions of the 44,000 service and civilian personnel 
currently employed in the logistics, support and training functions. As a consequence 
of the Force Structure Review, an additional 1,800 service positions are proposed for 
contracting, giving a total of 3,900 service and 1,100 civilian positions as a planning 
base for the reductions flowing from the program for commercial competition. The 
Interdepartmental Committee identified further opportunities for commercial support. 
These are generally longer term, and will be implemented as experience is gained, and 
if cost effective.

Personnel

3.17 Defence already has underway major programs for the more efficient use of 
personnel, most notably as a consequence of the implementation of the Defence 
Logistics Redevelopment Project, the Defence Regional Support Review, and adjustments 
already planned in the context of the continuing Five Year Defence Program (FYDP). In 
addition to these efficiency measures, there will be savings flowing from the commercial 
support/civilianisation proposals of the Interdepartmental Committee, and the changes 
proposed by the Force Structure Review.

3.18 The personnel variations associated with all these measures are shown in 
Table 1. Savings of some 1,200 civilian personnel will also be made across the 
Department, in addition to those realised by the efficiency measures and the Force 
Structure Review proposals.
3.20 On this basis, the level of personnel reductions for the Force Structure Review initiatives shown in Table 1 potentially could save almost $2b (including salary and on-costs) by the end of the decade.

3.21 Defence is conscious that these proposals will impact directly on the professional interests and career aspirations of staff at all levels. The changes will be managed to ensure that the needs of Defence personnel, as the most important single resource, are recognised and given careful consideration. Their high levels of skill and commitment are central to Australia's defence.

3.22 The proposed rate of run-down is also conservative to avoid structural difficulties with skill imbalances and age profiles, such as occurred following the rundown of personnel resulting from giving up the aircraft carrier capability.

Management of Personnel Reductions

3.23 These personnel reductions can be achieved by normal attrition, together with a small reduction (less than 15% in any year) in ADF recruiting levels. This combination of natural attrition and reduced recruiting will allow the achievement of planned savings, particularly in the early years of the decade.
Ready Reserve Scheme

3.27 In order to maintain a trained ready reserve force of some 4,100 members in the ADF (3,200 Army, 450 each for Navy and Air Force), about 1,000 personnel will need to be undergoing full time training at any time. These new reserve personnel are expected to cost about 42% relative to regular personnel, giving an annual cost of some $70m at maturity. Annual operating costs (including non-operating overheads) will be some $16m, and the introduction of the ready reserve scheme will result in annual savings of some $95m at maturity. Provision of some $50m has been made in the unapproved capital equipment program for this scheme.

CONCLUSION

3.28 This analysis of resource issues demonstrates that the principal thrust of the 1987 White Paper can be maintained through the 1990s by continuing the drive for greater efficiency in Defence activities, especially in the use of personnel. Personnel reductions will be introduced over time to avoid excessive dislocation and large scale redundancies.

3.29 Personnel continue to be Defence's key asset, and change will be managed to ensure that sufficient high calibre personnel continue to be recruited and retained.

3.30 The Defence program is heavily committed by the submarine, ANZAC frigate and over-the-horizon radar projects until the mid 1990s. After then the pressures reduce, and in the second half of the decade, Defence has planned a substantial program of new investment to complete the central elements of the White Paper program.

3.31 Should financial allocations fall below no real growth over the decade, few of the priority capital equipment programs could be funded. Such a reduced program would preclude the maintenance of a strategy of defence in depth as outlined in "The Defence of Australia 1987".

APPENDIX A

AUSTRALIAN DEFENCE FORCE - CURRENT STATUS

Navy

A1. The Navy consists of an executive (Navy Office), Maritime Command and Support Command. The fleet, in Maritime Command, operates principally from Sydney and HMAS STIRLING (Western Australia).

A2. Maritime Command has a combat force of six submarines, ten destroyers and frigates, 18 patrol boats (operating from widely dispersed ports around Australia), seven trial mine countermeasures vessels, seven amphibious support vessels, one training ship (which can also provide logistics support), and two afloat support ships which provide underway replenishment for surface combatants. Naval aviation forces consist of seven Sea King, six Squirrel and three Kiowa utility, and 16 Seahawk helicopters, and two HS748 electronic warfare training aircraft. The marine science force consists of two hydrographic ships and four survey motor launches.

A3. Support Command provides logistics, training and other support (including maintenance and supply support) for the fleet. Navy's strength is some 15,740 permanent personnel (7,800 combat force), 1,600 active reservists and 5,100 civilians.

Army

A4. The Army consists of an executive (Army Office), Land, Logistic and Training Commands. The Land Command combat force structure is based on a hierarchy of formations. The division, the highest tactical formation, contains the combat arms and services required for sustained operations. Brigades normally consist of two infantry battalions, and may operate as integral parts of a division or independently with supporting arms and services to form brigade groups. Army has three levels of formation headquarters: Land Command, two divisional headquarters and ten brigade headquarters.

A5. Battalions or regiments normally consist of up to six company-sized sub-units, including administration and support. There are 21 infantry battalions; one tank, three armoured reconnaissance and two armoured personnel carrier regiments; and a total of three independent armoured reconnaissance and armoured personnel carrier squadrons. Infantry battalions and armoured regiments have some integral supporting weapons and administrative elements, and hence can conduct limited independent operations.

A6. The battalions are complemented by combat support (including seven field and one medium artillery regiments) and logistic support forces. Additionally, there is a regular special air service regiment, a reserve commando regiment and three reserve regional force surveillance units, and over 150 aircraft.
A7. Logistic Command provides base logistic, transport, maintenance and supply support for the Army. Training Command is responsible for individual training and doctrine development. Army’s strength is some 31,000 permanent personnel (13,500 combat or combat related), 26,000 active reserves (18,000 combat or combat related) and 6,600 civilians.

Air Force

A8. Air Force consists of an executive (Air Force Office), Air Command, Logistics Command and Training Command. Air Command operates some 230 combat and strategic and tactical airlift aircraft from ten bases around Australia, with a further two bare bases available.

A9. Air Command is organised into five major groups. The Tactical Fighter Group has five flying squadrons and some 73 F/A-18 and 50 Macchi aircraft. The Strike Reconnaissance Group has two flying squadrons and 22 F-IIIC and RF-IIIC aircraft. The Maritime Patrol Group has two flying squadrons and 19 P3C aircraft. The Air Lift Group has five flying squadrons and ten HS748, six B707 tanker transport (four air-to-air refueling), five Falcon 900, and 24 C130 (twelve C130E and twelve C130H) aircraft. The Operational Support Group has two flying squadrons and 21 Caribou aircraft. Each of these groups has integral maintenance support.

A10. Logistics Command provides logistics support including engineering, administration and supply to the combat force and for Training Command’s PC9 and CT4 trainer aircraft. Training Command provides all non-operational training. Air Force has a permanent strength of 22,180 personnel (9,500 combat and combat related), 1,600 active reservists and 2,900 civilians.