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Introduction

This chapter outlines Australia's defence policy. It also presents an overview of the Defence Organisation, its functions and how it operates.

Defence policy

Australia's defence policy is part of an integrated national effort that seeks to guarantee the nation's future security and prosperity. It contributes to this objective in two related ways — by developing and maintaining the capacity to defend Australia and its interests from armed attack; and promoting a regional and global security environment which enhances Australia's security by reducing the likelihood of armed force being used against Australia.

Australia is faced with numerous political, economic and social challenges, stemming both from changes in the Australian community and economy, and from changes in the international strategic, political and economic situations. Australia needs an imaginative and forward looking approach if it is to secure its place in the changing pattern of relationships in the Asia-Pacific region.

The self-reliant defence of Australia remains the most important and demanding aim of Australia's defence policy. Hence the first objective is to build, maintain and support an Australian Defence force which is capable, without combat assistance from other countries, of defeating any attack which could be credibly mounted against Australia. A focus on the defence of Australia provides a clear basis for planning and a rationale for Australia's forces which has been understood and accepted both domestically and within the region.

Given the relatively small size of Australia's armed forces, limits on resources and the formidable geographical and environmental challenges that the defence of Australia presents, the development of more effective strategic and operational level planning and command and control is a high priority.

The successful pursuit of Australia's defence policy depends also on timely warning of significant developments in Australia's strategic and operational environment. The capacity of the Australian Defence Force (ADF) to respond

appropriately to the changing security environment and to undertake its tasks successfully requires accurate, reliable and timely information about activities and developments within the region.

To ensure the most efficient and effective support for Australia's combat capabilities, it is part of defence policy to harness the skills and expertise of Australian industry and the private sector and to apply leading edge technology in the application and support of military force.

Australian defence and security policy has to be responsive to developments in Australia's strategic environment. To this end, Australia's strategic outlook is kept under continuous review, and plans and programs are developed for the strategic posture, disposition, activities and development of the Defence Force. Current decisions in relation to force structure requirements and the estimations of the capabilities likely to be available within the region provide the underpinning for materiel and technology acquisitions and thus Australia's combat capabilities well into the future.

Australia does not, however, rely solely upon its capacity to develop and maintain an effective Defence Force in order to secure Australia's future. Australia cannot be defended adequately only by guarding its territory and looking on at the changes in Asia. Australia's defence policy is also to manage its security environment in such a way that conflicts of interest can be resolved without the use of military options. Australia seeks to ensure that armed force against it is less likely, through the promotion of effective strategic relationships with regional countries, the maintenance of strong alliance relationships which strengthen Australia's defence, and support for the United Nations and other international endeavours which promote Australia's security.

Australia's international defence relationships are an important adjunct and complement to its diplomatic efforts to shape the regional security environment. The United States is Australia's most important alliance partner and the two countries continue to share many common security interests. Australia's relationship with the United States makes a very significant contribution to the quality and development of Australia's defence capabilities, through close

consultations, training and exercises, and access to equipment, technology and intelligence.

Efforts to enhance Australia's relationship with the United States will not, however, be at the expense of relationships or activities with the region. The priority attached to developing Australia's relationships with its regional neighbours, and the increasing importance attached to regional engagement, will continue. Australia's objectives in regional engagement are to promote regional security and stability, and to develop the capacity to work with regional countries to confront future security challenges, either diplomatically or militarily.

Working with other regional forces, through bilateral, multilateral and alliance arrangements, Australia will reinforce the expanding web of relations that has emerged between it and other countries in the region. The aim is to ensure that Australia's relations with its neighbours are robust enough to deal with the uncertainties that arise in the normal course of defence and wider relations. The region's collective interests clearly lie in the promotion of stable yet flexible relations within the region and the peaceful resolution of issues arising out of conflicting viewpoints or claims.

Australia will also continue to contribute to international peacekeeping, providing forces as determined by the Government to support multinational security efforts, and to provide technical and policy support for non-proliferation initiatives

The Defence Organisation

Australia's defence policy is implemented through an integrated civil-military Defence Organisation. Resources and activities are managed through eight major programs: Forces Executive, Navy, Army, Air Force, Strategy and Intelligence, Acquisition, Budget and Management, and Science and Technology. The four service programs, the Royal Australian Navy (RAN), the Australian Army, the Royal Australian Air Force (RAAF) and Headquarters ADF (Forces Executive), comprise the ADF. The remaining four programs in Defence provide policy advice to Government as well as procurement, scientific, logistical, financial and other support services to the ADF, and a range of services to government agencies and industry.

Planning and evaluation

To provide a management framework for its activities, the Defence Organisation works to a 10 year capability planning horizon and a five year financial programming horizon. Proposals for capability development and other policy initiatives are examined in detail prior to submission to the Government for consideration, generally in the context of the annual Defence Budget. Other key planning documents include the *Defence Corporate Plan* and the classified *Five Year Defence Program*.

Evaluation of activities in Defence falls into three broad categories. Self-evaluations are conducted by the managers of program elements, either as specific evaluation activities or as part of ongoing program arrangements. Corporate evaluations affect the overall management of Defence and the business of all or many of the eight programs. Independent evaluations comprise the more extensive and formal evaluations undertaken outside of the normal management framework. Reviews by the Inspector-General, as well as external reviews by the Australian National Audit Office and Parliamentary Committees, are included in this category.

Changing directions

The challenge for the Defence Organisation is to find processes and systems that keep Defence business focused on key outcomes, in ways that conform to broader Government practices and requirements. Further reducing duplication between Service and civilian structures and between the Services will be important, as will streamlining the processes associated with policy development, personnel administration and acquisition. As an aid to achieving these goals, the Government recently appointed a panel of eminent figures from the public and private sector to review Defence management and financial practices. This initiative, the *Defence Efficiency Review*, will report back to the Minister of Defence in March 1997.

The Government has already instituted measures to achieve savings in Defence administration. Over the next three years, Defence will achieve reductions in running costs of \$125m per year, including a reduction of 1,200, or some 6%, in the average funded strength for civilian staff over two years. These savings will be directed to enhancing the combat effectiveness of the ADF. New expenditure initiatives will focus on command,

control and communications, intelligence, surveillance, control of the air-sea gap, strategic strike, mobility, supply and support, and the recruitment and retention of skilled personnel.

The Army will be reshaped in accordance with another Government initiative called *Restructuring the Australian Army*. This plan intends to make the Army more responsive, more mobile, better trained and better equipped to handle a wide range of military contingencies — from the defence of Australia to offshore operations.

Defence programs

The objectives and functions of the eight programs identified above are described below.

Forces executive

The objective of this program is to provide for the higher command and control of the ADF, and to provide corporate support to joint service units and elements within the program.

The program supports the Chief of the Defence Force (CDF) in his role as the Commander of the ADF, and the principal military adviser to Government. It seeks to enhance ADF corporate planning and to facilitate better command and control, information management and logistic arrangements for joint and combined operations. The program develops guidance for planning to develop the capability of the ADF, options for investment in capability, concomitant military and personnel policies and for management of corporate communications.

Navy

The objective of the Royal Australian Navy is to provide maritime forces capable of effective maritime operations in the pursuit of Australia's security interests, using both regular and reserve forces and expanding in a timely manner against warning of more substantial conflict.

The Navy provides forces for maritime operations, including patrol and response, interdiction and strike, and peacetime activities. The total force includes both regular and reserve personnel who operate surface ships, submarines and rotary wing aircraft in Australia's maritime environment. They are supported from a number of operational, training and support bases around the country, but principally in Sydney, Darwin and Perth.

Army

The objective of the Army is to provide land forces capable of conducting effective land operations in the pursuit of Australia's security interests, using both regular and reserve forces, and expanding in a timely manner in response to warning of more substantial conflict.

Australia's strategic environment and geography dictate the need for highly mobile land forces capable of rapid deployment across considerable distances and able to conduct protracted and dispersed operations in harsh terrain where the existing infrastructure and resources are sparse. Army comprises regular, reserve and civilian employees and is capable of undertaking operations in concert with the other two services or with overseas forces.

Air Force

The objective of the RAAF is to provide air forces capable of conducting effective air operations in pursuit of Australia's security interests using both regular and reserve forces, and capable of expanding in a timely manner against warning of a more substantial conflict.

Air Power plays a major role in surveillance and intelligence gathering in Australia's sea and air approaches, denying those approaches to an adversary and defeating incursions into Australia's territory. The RAAF emphasises joint operations with Army and Navy, contributing to enhanced regional security and supporting the civilian community.

Strategy and intelligence

The objective of the Strategy and Intelligence Program is to advise the Government on strategic policy, the management of international defence relationships and the development of defence capabilities. It also provides intelligence, especially on strategic and military issues, to Defence and other parts of the Government.

The Strategy and Intelligence Program guides and undertakes activities which are central to Australia's defence policy and international defence relationships and interests. These include coordination of medium and long term defence planning; analysis of force structure and capability; development of the new major capital equipment program; collection, assessment and distribution of intelligence information relevant to Australia's defence; and

support of defence cooperation activities consistent with the Government's defence policy.

Acquisition

The objective of the Acquisition Program is to realise the Government's priorities for the development of Australian defence capabilities through timely acquisition, and introduction into service, of capital equipment and systems that meet endorsed operational requirements, achieve value for money and are supportable; and to develop policies to enhance the capability of Australian Industry in support of defence self-reliance.

Activity is continuing on a program of major defence acquisitions including some 175 approved projects at a cost of more than \$34b.

Budget and management

The objective of the program is, through the development of portfolio management policies and the provision of corporate services, to support the achievement of the Government's defence objectives and the Defence Mission and to meet the performance requirements and needs of clients.

The Budget and Management Program develops policy on, and provides corporate services in, resource and personnel management; program evaluation and management audit; facilities and property management; physical, personnel, computing and project security; ministerial support and parliamentary liaison; ADF superannuation; information management; and legal services.

Science and technology

This program is the research and development arm of the Department of Defence, and is the second largest R&D organisation in Australia. The role of the Defence Science and Technology Organisation (DSTO) is to give advice that is professional, impartial and informed on the application of science and technology that is best suited to Australia's defence and security needs.

The Science and Technology Program provides the core of Australia's skills in defence research and its applications. There are four principal supporting objectives to position Australia to exploit future developments in technology which show promise for defence application; to

ensure that Australia is an informed buyer of equipment; to develop new capabilities where Australia's circumstances require this; and to support existing capabilities by increasing operational performance and reducing the costs of ownership.

Resources

Budget and expenditure

The 1996–97 Defence budget of \$10,027m will enable Defence to maintain its capital investment programs, exercises, deployments and training activities.

The Defence share of GDP for 1996–97 is estimated to be 1.9%. Defence outlays are estimated to be 7.7% of 1996–97 Commonwealth outlays, compared with an estimated 2.0% of GDP and 8.1% of Commonwealth outlays in 1995–96.

The proportion of Defence expenditure spent in Australia continues at a high level, reflecting local industry involvement and increased self-reliance. It is estimated that some 87% of total Defence expenditure will be spent in Australia during 1996–97, including over 54% of capital equipment expenditure. This compares with the 1995–96 actual achievement of 87% of total Defence Budget outlays and 59% of major capital equipment expenditure.

Table 4.1 shows the actual outlay by each program of the Department of Defence in 1995–96.

4.1 DEFENCE OUTLAY — 1995–96

Program	Outlay	
	\$	%
Forces executive	619 218	6.2
Navy	1 700 635	17.0
Army	2 306 974	23.0
Air Force	1 875 402	18.7
Strategy and intelligence	211 482	2.1
Acquisition	2 232 624	23.0
Budget and management	829 106	8.3
Science and technology	235 169	2.3
Total	10 010 610	100.0

Source: Department of Defence.

Personnel numbers

Although the Defence Organisation has its policy and administrative centre in Canberra, most of its personnel are located in some 600 units and establishments throughout Australia.

The ADF has some 58,000 Regular personnel and 28,000 Reserves, while the Department of Defence has some 20,000 civilians.

Of the civilian employees in the Defence Organisation, some 12,000 work directly for the ADF, some 2,500 are in the Defence Science and Technology Organisation, over 1,100 are in regional offices, and some 4,800 are in the central office.

Women represent 12.9% of the ADF. Some 90% of ADF positions are now available to women.

Table 4.2 shows details of Defence personnel.

4.2 DEFENCE SERVICE AND CIVILIAN PERSONNEL — 30 June 1996

	Males		Females	
	no.	%	no.	%
NAVY				
Trained Force				
Officers	1 967	13.7	310	2.1
Other ranks	8 691	60.3	1 434	10.0
Training force				
Officers	539	3.7	217	1.5
Other ranks	1 035	7.2	211	1.5
Apprentices	—	—	—	—
Total	12 232	84.9	2 172	15.1
ARMY				
Trained Force				
Officers	3 844	14.8	509	1.9
Other ranks	17 544	67.6	1 888	7.3
Training force				
Officers	604	2.3	135	0.5
Other ranks	1 233	4.8	207	0.8
Apprentices	—	—	—	—
Total	23 225	89.5	2 739	10.5
AIR FORCE				
Trained Force				
Officers	2 822	16.4	436	2.5
Other ranks	10 653	61.9	2 123	12.4
Training force				
Officers	576	3.3	104	0.6
Other ranks	374	2.2	124	0.7
Apprentices	—	—	—	—
Total	14 425	83.8	2 787	16.2
AUSTRALIAN DEFENCE FORCE				
Trained Force				
Officers	8 633	15.0	1 255	2.2
Other ranks	36 888	64.0	5 445	9.5
Training force				
Officers	1 719	3.0	456	0.8
Other ranks	2 642	4.6	542	0.9
Apprentices	—	—	—	—
Total	49 882	86.6	7 698	13.4
CIVILIANS				
Senior Executive Staff	95	0.5	9	—
Other Staff	13 799	67.7	6 469	31.8
Total	13 894	68.2	6 478	31.8
RESERVES				
Navy	1 282	4.5	223	0.9
Army	21 036	73.8	4 354	15.2
Air Force	1 347	4.7	266	0.9
Total	23 665	83.0	4 843	17.0

Source: Department of Defence.

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