

Force Structure Review 2013 - Lecture Transcript

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Force Structure Review 2013

Introduction

Thank you for your warm welcome and for your invitation to speak to you today about the Force Structure Review.

May I begin by acknowledging the contribution of the Royal United Services Institute of Western Australia to the wider understanding of Defence and defence issues in this country. It's sometimes a sparse debate and every little bit helps. I congratulate you on promoting informed public discussion for over a century.

The FSR is certainly an appropriate subject for this forum. The outcomes of the Review will have a direct bearing on the next Defence White Paper and therefore the future shape of the Australian Defence Force, and that's obviously of interest to anyone that follows Defence issues.

I want to give you some general detail about our charter and the process that we'll be using, so I propose to kick off with why we're doing a Review just now, then spend most of my time on the scope of the Review and our approach to it, and close out by sketching our timelines for you.

As we step off please note that this wouldn't be a Defence briefing without a healthy sprinkling of acronyms! Some of them have self-evident meanings, such as FSR for the Force Structure Review, but I'll try to be disciplined and explain any more esoteric ones as I go along. Naturally I'll be happy to take any questions you may have at the end.

Why A Review Now?

Let me start with the issue of why we need a Force Structure Review just now – after all, we did one only three years or so ago in the process of developing the 2009 Defence White Paper.

The principal reason is that, in 2009, the Government decided to improve Defence planning by preparing future White Papers at intervals of no more than five years. Those of you who are long-term followers of Australian strategic planning will recall that the conventional wisdom used to be that you did a White Paper every five to seven years, or when there was a change in your strategic circumstances - certainly that was the case when I was a strategic studies student at staff college and university. But the Government was concerned to ensure that we review the challenges in our strategic outlook more regularly than that, and that we take a more strategic risk-based approach. So it directed the establishment of a 5-yearly strategic planning cycle. As part of that cycle, before any White Paper Defence must prepare a formal strategic risk assessment, a force structure review and an audit of the Defence budget.

So - if a White Paper every five years, and the last one was in 2009, the next is obviously due in 2014. In order to meet that timeline, we started planning the FSR in the 3rd quarter last year, and we kicked off our first FSR activities this month.

What is the FSR?

Scope

Turning to the scope of the Review, under the terms of reference in my Directive from CDF and the Secretary, the FSR is to consider the ADF's force structure requirements in the period out to around 2035, and provide costed force structure options for use in the development of the White Paper. So we have a wide remit, and scope to go wherever our investigations take us.

I should say first up that we don't envisage this as an entirely "clean sheet" review. In 2009, because it had been quite a long time between White Papers, the team went right back to first principles and reviewed the very foundations of our strategic planning, including the idea of the self reliant defence of Australia, the theory of strategic warning, the notion of choosing between a balanced force and one that is optimised for a particular mission, and the principal tasks for the ADF. All of that was accepted in 2009, and given that the fundamentals of our strategic circumstances haven't changed greatly, we may not need to revisit it in such detail this time around.

That said, any review of the force structure demands a robust examination of our critical defence needs. The start point for our analysis will be Force 2030 as it was set out in the 2009 White Paper, adjusted for the decisions the Government has taken since – for example, additional C17s will be in our start pointing force, but additional C130Js will not.

As I see it, we have two tasks. First, we need to consider whether any force structure adjustments are necessary as a result of what has changed in our circumstances since 2009. The Minister has touched on some of the potential issues a couple of times in recent months: changes in North Korea; increasing tension over maritime and territorial disputes in the South and East China Seas; the critical importance of India and the Indian Ocean; the continuing rise of China; and cyber, space and missile defence. He has also mentioned the importance of getting our force posture right, and only a couple of weeks ago he released a progress report by former Defence Secretaries Allen Hawke and Ric Smith on their Force Posture Review. We'll need to take account of all that in the FSR.

The second task is to run a ruler over Force 2030 to check that it will deliver a coherent ADF that works as it is intended to. The focus here will be on *refining* the planned future force.

This will include checking that the required enablers and Fundamental Inputs to Capability, such as personnel, facilities and so on, are or will be in place.

It will also include reviewing the affordability of our plans to ensure that the future force can still be delivered within the Government's budget guidance.

And it will include checking that the plan is achievable – that is, that our processes can get the required project approvals from Government in good time, that industry can deliver and sustain the platforms we seek, and that we can then marry up those platforms with all the other systems required to turn equipment into capability.

As we do all that, we'll be very conscious of several recent reviews, including those conducted by Mr Paul Rizzo and Mr John Coles, both of which highlighted the importance of the sustainability of the force – the whole-of-life cost of capability if you like.

Approach

The basis of our approach to these tasks will be a technique called "capabilities-based planning". Some of you will know that this essentially involves experimentation, in which you examine the

force through the lens of the capabilities that are required for success in a series of specified scenarios. From that analysis you identify any capability gaps and surpluses, and in a second round of experimentation you propose and test options to close the gaps and redistribute the surpluses.

Another input to our considerations will be a series of papers that have been prepared by the Groups and Services, which spell out their perceptions of gaps and surpluses in the current and future force. Many of these are based on their own experimentation, so we'll certainly benefit from the work that they have been doing over the past 18 months or so.

Finally, there are some issues we need to look at that don't lend themselves readily to experimentation. I'm thinking here in particular about things like emerging technology that has the potential to affect us by the mid-2030s. We'll be conducting some separate studies on those issues, and we'll blend the results in with our experimental outcomes towards the end of our process.

Now, one of the things I'm directed to do is to make the review as objective and evidence-based as possible. To that end, there'll be quite a lot of science in our experimentation - we'll use simulation and a range of other scientific techniques to assist the analysis. But our process will also involve a significant amount of judgement, both by subject matter experts during the experimentation, and by senior folks in the Department as they review the experimental results. And of course in the end, the Government will also need to make its own judgements based on its assessment of our recommendations considered against its priorities for Defence and all its other national priorities.

I should mention that this FSR will be different from the previous one in that the business of delivering the current Defence Capability Plan will continue while we are doing our analysis and making our deliberations. The last time around, the DCP went into something of an hiatus during the review, which was probably appropriate given that it was a first-principles activity. But that did lead to a bow-wave of projects that needed to be attended to quickly once Force 2030 was settled, and we hope to avoid that pitfall by continuing to execute the current DCP this time. The flipside, of course, is that we'll need to remain alert and agile to keep abreast of Government decisions and factor them into our thinking.

Now of course, as we sort through the issues and come up with choices for Government to consider, the challenge for us, as always, will be to prioritise – to balance the many things we would like to have against the money that's available. Professor Henry Ergas recently characterised this as the "inescapable tension between unlimited ends and insufficient means." Well, in our case it's not quite unlimited ends, but he's certainly right about the money being tight.

The capabilities-based planning approach will help us somewhat here, because it has a strong focus on the cost of capability and understanding where there is potential trade space. We also have the Government's guidance on its priorities for the ADF. That's not to say it will be easy, and no doubt there'll be quite a bit of soul searching for us as we try to weigh cost and benefit.

Now, I've said several times that "we" will need to do this or "we" will need to that – let me just clarify who "we" will be.

This FSR will be a whole-of-Defence activity, led by the Defence Committee, with all the Groups and Services closely involved throughout, so when I say we, I mean we, Defence. This is a bit different to the last time, when a somewhat larger team was responsible to actually do the review.

My role, with quite a small team to help me, is to harness the capacity of the Department to draw this together.

We have also engaged other Government Departments early and will do so often – particularly PM&C, DFAT, Customs, Finance and Treasury. Our goal here is to enhance their understanding of our methodologies and give them early opportunities to contest our judgements. I've done an initial round of engagement at senior level in each of those agencies, and I've extended an open invitation for representatives to be present at all our activities. I'm delighted to say that the response has been very positive, and we've already had observers sitting in at our introductory workshops.

There's one final dimension to this FSR that I haven't touched on yet, and that is the requirement for us to capture and record lessons learned from the process. This is just the second iteration of the Government's new approach to White Papers, and we need to continue to develop and refine the way that we do this.

To that end, I've commissioned a small lessons learned team, which stood up a couple of weeks ago. The crew are from DSTO, so while they are perhaps not entirely independent, they do stand outside the Review process proper.

They are already looking at what we did in terms of general preparation in the couple of years since 2009, and at our specific preparations in late 2011. They'll follow our review along at every step of the way, right through to the presentation of our results to Government.

In fact, I expect that the very last thing I do before standing down as the Head of the FSR will be to review the lessons learned report and forward it to Defence's senior leaders along with my comments. I think this very formal approach to capturing lessons from the FSR process will be a big step forward for the Department.

When will the FSR be Finished?

Let me close with a word on our timelines.

We're aiming to have the outcomes of the FSR ready to report around the end of 2012 or early 2013, so the Government can make informed decisions to guide the development of the next White Paper. Now that might seem like a long way away – but the time will go in a heartbeat.

I've mentioned that we've been preparing in earnest since about the middle of last year. Our process design is complete, and just about all the inputs to the Review have been assembled. Much of this year will be taken up with the initial round of force testing, analysis of perceived shortcomings, and developing affordable options to close any gaps we identify.

By about the end of August, we hope to be finished all the experimentation, and working on the write up of the FSR report. Once that's done, we'll start work on more formal consultation with the other departments and preparing a submission for Government.

If all goes according to Hoyle, the report will be accepted by Government by about this time next year.

Conclusion

So, to conclude, there's a lot to do, and not a great deal of time in which to do it. But we're off to a pretty good start. We have a good plan and the senior Defence leaders have signed up to it. Most of the inputs we need are in place, and we've gathered up the right people to participate. We've engaged other Government departments so they can see where we're headed much earlier this time than in previous reviews. And we're aligned with the folks who are planning the White Paper, so that we can make sure we meet their needs. All in all, I'm reasonably comfortable with where we stand right now.

I think the trick will be to balance the big picture with the detail. There are dozens, probably hundreds of issues that we could be drawn into if we're not careful, with the potential to drag us out beyond the time we have available. We'll need to manage that balance very carefully.

And finally, I'm the first to admit that we will learn things about force structure reviews along the way. We're set up to capture those lessons from the very start, so I'm confident that in addition to offering the Government robust force structure choices, we'll also be able to offer the Department advice on how to do this even better the next time around. If we can do both, I think we'll have made a useful contribution.

Thank you.