

## **PAPER 3 - SOME THOUGHTS ON DIRECTIONS IN THE MANAGEMENT OF DEFENCE**

### *In the 'Pre-reform Days'.*

Up until the early to mid 1980s, when interminable reviews and the inability of the Defence Department to obtain the funds needed to maintain force capabilities began to take major effect, the RAAF was characterised by an organisation which:

- Provided the Chief of Air Force with the funds needed to manage the Air Force.
- Included the span and depth of expertise required for the specification, evaluation, selection, contracting, introduction, and support of new aircraft and equipment.
- Provided for support of the force, through a Headquarters Support Command, by in-house and contractor facilities both in Australia and overseas.

This infrastructure evolved over more than 60 years of experience in peace and during wars and emergencies of all types. It provided highly flexible and responsive support of ever-changing RAAF operational plans and programmes conducted in response to Government requirements. In management terms, this organisation provided a simple, direct, and most effective means of delegating clear, functional responsibilities, as well as allocating the resources required. Furthermore, all RAAF management systems were designed to be closed loop, so that performance could be monitored and shortcomings or departures identified and corrected early. Every person in the chain had a clearly defined role and knew precisely where he fitted into, and contributed to, RAAF objectives. Systems and procedures were in place for all functions, reviewed and updated when necessary. Conversely, bureaucracies do not have this formal organisation or statement of function and accountability, which means that it is difficult, if not impossible, for anyone to determine just who is responsible for what and where functional boundaries exist, or should exist.

The end result was a RAAF organisation which:

- Maintained the force at a high state of readiness.
- Ensured that the force could be launched quickly in response to a wide range of tasks.

- Enabled the force, once launched, to be sustained.
- Provided a high degree of flexibility in the application of air power in time, space, and role.

While achieved through the RAAF's organisation, these capabilities stemmed fundamentally from one main factor:

*The Chief of Air Force had, under his command and control, the resources needed to achieve the required results, principally manpower, money, equipment, and facilities.*

Each one of these resources, including money, was managed in terms of the required force readiness, responsiveness, sustainability, and flexibility, and this is precisely the proper management relationship between function and resources. The horse and cart were in their correct positions.

Within its organisation, the RAAF was able, in a controlled and measured way, following well-established systems and procedures, to:

- Specify its requirements for aircraft, as well as the whole range of high technology environmental systems and equipment upon which it depended.
- Evaluate contending systems and select that which best met RAAF requirements, a function which requires sound Service technical knowledge and experience, not merely 'box ticking'.
- Negotiate, raise and manage the procurement contracts involved
- Establish the maintenance (and supply support) base needed to support the new system. This included liaison on the development of local industry.
- Introduce the system into service to specification, on time, within budget, and fully supported.

An honest evaluation of what the RAAF was achieving at that time would find that Australia was getting excellent value for money. Problems were certainly encountered, but they were capable of being resolved at the lowest level and without undue stress. ARL played a critical supporting role in specialist areas through a close and continuing relationship with RAAF on technical matters.

The ability of the RAAF to handle these tasks successfully and without undue fuss was due in no small part to the existence within its organisation of an Engineer Branch, supported by a Supply Branch. The RAAF recognised that it was the most highly technological in Australia and had established formally an Engineer Branch in 1948. The head of the Branch was a member of the Air Board (later an Assistant Chief of Air Force) who managed two specialist directorates at Air Force Office level, Engineering and Maintenance. Within the Engineer Branch, the Director General Technical Plans (DGTP), was the focal point for translating all Air Staff plans, programmes, and priorities into interlocking and fully integrated technical policies, plans, programmes, and priorities, in terms of technical manpower and skills, facilities, maintenance policies, documentation ,spares; indeed all technical support requirements. This proved to be a highly responsive, efficient, effective, and economic solution to a very complex and critical interface with operational requirements.

The Supply Branch, in turn, developed supply plans and programmes to procure and position the range and quantity of equipment, both technical and non-technical, needed to support Air Staff plans and Maintenance requirements.

The point to be made here is that the success achieved by the RAAF in both project management and in-service support was due to:

- A proper delegation of responsibilities and resources, and
- A sound and tightly knit organisation, manned by people who were experienced and who followed a unity of direction which ensured success.

The result was a force in which the technical work was satisfying, rewarding, and productive, if often frustrating.

### *Reviews and 'Reforms'*

From the early to mid 1980s, the inability of the Department to secure the funds needed to maintain force capabilities, coupled with an increasing pace of internal and external reviews, led inevitably to stresses within the RAAF's organisation. These in turn led to doubts as to the roles of the Engineering and Supply Branches, and subsequently to a move towards breaking down Support Command (later Logistics Command) to form logistics support elements at the major bases, the consequences of which were probably not well recognised under the relentless pressures for change.

Traditionally, the RAAF's engineering and maintenance workforce was managed as a central resource, able to be moved into new projects, to operational bases, at home and overseas, or into support areas in response to Air Staff plans,

programmes, and priorities. Air Force Office and Support Command provided technical and supply support and guidance, drawing resources and experience from across the Service, from local industry, and from overseas services and industry. The general thrust was to ensure that unit maintenance was focussed wholly upon supporting operations, and not subject to distractions. This was a highly responsive and flexible organisation.

With the delegation of Support Command functions to bases along weapon system lines, each force element had to carry a wide range of very complex and resource and skill demanding overheads that were carried previously by Support Command as a central resource. Each force element had to take up airworthiness, maintenance policy and planning, supply support and inventory management, documentation management, repair and overhaul within industry, spares assessing, new project support, and training and manpower tasks. Trying to carry these overheads would be a major task under ideal conditions, but under resource restraints, whether money, manpower, or expertise, it can approach the impossible and become demoralising. Furthermore, the RAAF does not have force elements that are sufficiently large, or operate at sufficiently high rates of effort, to warrant this type of organisation. Many of the functions delegated need to be withdrawn and managed centrally on the grounds of efficiency, economy, and operational focus.

While the RAAF was engaged heavily in delegating Support Command responsibilities, the DER/DRP were imposed without consultation or negotiation, not the hallmark of competent management. With the Commercial Support Programme (CSP) and the Defence Reform Programme (DRP), a two horse race started, one ridden by ignorance, the other by arrogance, neither of which has a role in good management.

Since then, the technical and supply support backbone of the RAAF has been stripped out. The CSP transferred work from the RAAF to industry, reducing drastically the Service's span and depth of technical expertise and experience. The DRP led eventually to the demise of the RAAF's Engineering and Supply Branches, among others, following the Sanderson 'Report on the Structural Review of Higher ADF Staff Arrangements', in 1989. While this review was aimed at contributing to improved efficiency and effectiveness of Defence Force policy and administration, it was aimed substantially at reducing a perceived excessive number of Service officers, and a flattening of organisational structures to reduce manning costs. The review also saw a need to develop, as far as possible, symmetrical functions and functional relationships within the three Service Offices (Navy, Army, and Air). The proposition that the three Services can have symmetrical functions is a disturbing one which, prima, face, indicates an inability or unwillingness on the part of the bureaucracy to acknowledge the critical technological and other differences between the three Services. Much of the current mess can be traced to this proposition and its inevitable results.

The pressures for change within the RAAF also led to a move towards a 'General List' for senior officers, further weakening the technological base of the Service. Thus, at two strokes, ignoring totally the markedly differing management needs of the three Services, and the heavy dependency of the RAAF (and Navy) on organic technical support, the RAAF lost its technical and supply branches. Amongst many other critical functions, those of DGTP, so vital in the support of Air Staff plans, programmes, and priorities, withered away.

### *Money*

Defence's obsession with money as the key management driver, together with the push to track every dollar to a force capability, has distorted the whole management structure within Defence. Service capabilities have now become merely the residue of the bits and pieces that can be funded at the moment in disparate and uncoordinated areas of support management.

Money needs to revert to its proper role, which is one resource amongst several that is needed to acquire and sustain the force, in terms of readiness, responsiveness, sustainability, and flexibility. Furthermore, current Defence book keeping needs much attention if it is to be of any use. Before the imposition of the current financial control system, costs really needed only a tag to attribute them to the correct bucket. However, as with most things, tasks abrogated by a bureaucracy soon become monumental problems that in turn demand monumental resources, and soon become a case of saving money at any cost.

### *System Program Offices*

The formation of System Program Offices (SPOs) at RAAF Bases is another cause for concern. SPOs are an American organisational solution to American problems as they see them. SPOs are entirely inappropriate for the RAAF, which does not have the force size, or the rates of effort, to amortise the heavy overheads involved. SPOs can be optimised only for a relatively large and fixed force size and utilisation. Below that, they are over resourced and above they are under resourced. Using off-the-shelf American solutions to Australian situations indicates a severe lack of understanding and experience in the management requirements of Australian defence forces.

### *The Defence Materiel Office (DMO)*

The RAAF's Logistics Command did not function for long before it was moved firstly into a single Navy/Army/Air Support Command Australia, which was then absorbed into a Defence Materiel Office (DMO). The DMO assumed control of new projects and also in-service support, but has been found to be completely incapable of managing these responsibilities. The DMO, which resembles the American Defence Procurement Agency, was organised to function outside the Defence

Department , ostensibly so that 'business methods' could be used and, seemingly, so as to be able to attract financially a suitable Head.

Again, this would seem to be an American solution to an Australian problem and one which ignores the fundamental differences between the needs of the two countries. The US Air Force is supported principally by commodity management, under which Item Managers are very much orientated towards sources of supply through production. Engineering and maintenance interfaces are relatively indirect, and are generally identified through supply problems. On the other hand, the RAAF is not supported by an industrial base with wide design, development, and production capabilities that can provide prompt support through production. Systems operated by the RAAF are predominantly foreign sourced and, with few exceptions, support requirements are too small and spasmodic to develop local production. The RAAF is thus concerned more with sources of spares supply rather than production. In times of emergency, the RAAF will look towards:

- *increased availability from those systems already in the inventory,*
- *which is made possible through increased maintenance effort in existing facilities,*
- *which is in turn supported by a higher level of spares to keep the higher maintenance effort going.*

The formation of the DMO and the proposals for its future are both major errors which, if allowed to continue, will detract markedly from timely, effective, and economic support for the Services. It is the wrong solution, introducing even greater organisational, functional, and economic barriers between it and the Services that it is supposed to be supporting. The task is not as complex as we are being told. It was done well by the RAAF for decades with limited resources, and can be done so again.

### *Problems for the Future*

The current Defence organisation, including the existence and role of the DMO, will be found to be quite unsuited to Australia's needs for the following main reasons:

- It is too large and bureaucratic for Australia's requirements, growing daily as new areas are opened up to public service 'administration', thus diverting funds from force capabilities. Its conflicting relationships with its political masters and the Defence Forces will continue to impede its ability to act decisively and in the best interests of Australia's defence capabilities. It will continue to be unable to present a persuasive argument for the funds so urgently required by our forces, and so will continue to be the 'whipping horse' and a 'soft target' for

Treasury (driving Cabinet) to deny the level of funds required for the task.

- It is too remote from those who are supposed to be supported in an 'economic, business-like, and responsive manner', and it takes overly-defensive pains to have as little to do with its 'customers' as possible, and with those who might criticize on actions.
- It has placed far too much dependence on contracting out the support base and places an unhealthy reliance upon Original Equipment Manufacturers and Prime Contractors to provide the responsiveness and capabilities that we need. This practice also works against our achieving a capable and effective local support base.
- It is far too heavily based on United States Defense organisations which are not appropriate to a small, fundamentally maintenance-based organisation, as against a large, production-based, one. Had the DER/DRP built on what we had, we would not have made so many mistakes that were quite obvious to those involved in support of the force at the time.
- It provides for far too much political/bureaucratic intrusion into purely military affairs, a practice that, as seen within the US Defense Department, can result in major strategic errors being made at the political level which only increase unnecessarily the risks faced by the Military.
- It is far too involved with endless and confusing threat assessments and force structure debates to concentrate on developing and enhancing real Service capabilities.
- On the other hand, it is also far too involved with the minutiae upon which the media feeds, with the result that the media just wants more, and more quickly; it will never be satisfied, so should not be overly encouraged. Matters which are properly within the province of the Unit Commander and his Padre, with at time some support from the Service Chief or his staff, are now taken up immediately by the Prime Minister, The Minister for Defence, the Chief of Defence Staff, and the Service Chiefs, usually before the facts are known. This generally results in much confusion, followed by an unwarranted loss of confidence in the Services and public anger. Sensitive personnel matters also seem to have fallen captive to the bureaucracy, and so are not resolved promptly and in a satisfactory manner as they would normally in a Service environment.

- It imposes the public service dictum that everything that goes to the Minister, and thus Cabinet, must go via the bureaucracy. Thus, the warning of Dr T. B. Miller, a well-respected defence analyst, that the Tange review would result in '*a giant step along the road to Public Service (as opposed to Parliamentary) control of the armed forces*' has proven to be correct.

In short, the organisation of the Department of Defence as it has evolved since 1974 is inappropriate to our needs, is too large and cumbersome, is inefficient and ineffective, and is too expensive. Finally, it impedes Parliamentary control of the Services, and there is little to give heart that things will get better.

The combination of the performance of the current Defence organisation and our hard-won paucity of skills and experience in management and technology give grave concerns for the success of the large and important re-equipment programmes to which Australia is committed and contemplating.

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