

# Matching performance to promise:

## Rebuilding the army reserve

Warren Glenny

The Army Reserve has long contributed vital capabilities to the Australian Defence Force (ADF). The contribution of the army's part-time component has changed over time and will continue to do so but there is still a vital and fundamental role for the Army Reserve. This fundamental fact was recently emphasised by the Chief of Army, Lieutenant General Peter Leahy, in an article in the October 2004 edition of the *Australian Army Journal*. General Leahy acknowledged that the collective and individual contribution by reservists to the modern ADF is by no means fully developed and that more must be done to bring the individuals and force elements involved to the optimum point of 'relevance and readiness'. In reaching this unexceptional end point, General Leahy attempted to describe the magnitude of the task involved but his article fell short on specifics—with the discussion primarily involving a circumnavigation of perceived inadequacies and a survey of the legislation covering workplace protection for reservists first promised in 1983 (but not delivered until 2000).

Greater effort needs to be applied, and applied urgently, to the real development of capabilities maintained by the Army's reservists. This effort must become a top priority if ever the full potential of the Army Reserve is to be realised and its benefits to the defence of the nation maximised. If the ADF is really serious about bringing the Army Reserve to the standards necessary to meet the force allocation, reinforcement and rotation tasks required of the overall land force by the government, then positive and speedy action is needed. Words are not enough and performance must match promise. Action is needed now and must not be left as a legacy for the next Chief of Army who will presumably be appointed in July. Unless a start is made now, it is unlikely that there will be a reserve component sufficient to fill the inevitable gaps in the full-time ranks when the need arises in future crises.

It is interesting to note the comparative reliance placed upon reserves by the United States of America. One third of all US forces presently deployed in Iraq are reservists. There are 1.2 million reservists in the US defence forces representing approximately 46 per cent of the total. The cost of the reserve forces represents about 8 per cent of the US defence budget.

This article concentrates on the situation and problems of the Army Reserve but much of it, and many of the recommendations as to action required, also apply to the reserve components of the RAN and RAAF.

### Balancing roles and motivation

Extant Australian government policy, such as the *Defence 2000* white paper, requires that the ADF maintain the capability to sustain a brigade on operations for extended periods and, at the same time, maintain at least a battalion group ready for deployment. Once you take the force rotation aspects of sustainment into account the ADF cannot meet this obligation without a strong, well-trained and properly equipped reserve component. Despite this undeniable fact, however, the strength of the Active Reserve component of the land force has been allowed to decline dramatically over the past five years.

Following the recruiting collapse in 1998, the civilian recruitment contractor now handling such matters has been unable to meet ADF recruiting targets and unit strengths have continued to fall, often precipitously. The failures and inflexibility of the civilian recruiting contractor are well known and have been articulated to various parliamentary and official inquiries. A full return to unit-based recruiting for the Army Reserve, supported by specific-to-unit local advertising, is critical. Reservists are 'of and from their communities'. They generally know of, and join, local units and are not attracted by remote, even if seen, national advertising. A return to unit-based recruiting is the obvious commonsense solution and would not mean any diminution of common quality standards, such as aptitude, health and security checks.

In addition to the recruiting collapse, and despite the best efforts of some, reservist access to training courses (now mandated to be conducted by regular Army schools), including recruit courses, has been restricted. Courses have frequently been cancelled or postponed at short notice with complete disregard for the adverse effect such action has upon the employment, training and family circumstances of the reservist (and potential reservist). Consequently, the effectiveness of the Army Reserve has been significantly reduced and the need for restorative action is now critical.

Overseas deployments from East Timor onwards have demanded substantial support from a resource-starved Army Reserve. As a result of outdated conditions of service, inadequate training, a seriously depleted cadre, and an often less than positive government attitude, the Army Reserve has been left seriously short of adequately trained personnel. Given the lack of support to reserve units, it is a wonder that their attrition rate is not even higher. Being 'twice the citizen' involves a part-time occupation not an extra-curricular or second interest. Reserve duty is not lightly undertaken by the professional reservist. The Defence bureaucracy, both uniformed and non-uniformed, must recognise that the reservist is a volunteer who is not looking necessarily for a full-time military career but serves because he or she wants to. Consequently, reservists will not and should not tolerate a second-class status, nor should they be offered one, just because their military service is part time.

## Deteriorating conditions of service

Conditions of service for reservists fall well short of what could be considered reasonable when compared with their full-time counterparts and with general labour market forces and norms. This assessment takes full account of the tax-free status of reservist pay. Reservist remuneration is so low that it is far from equalised even when the benefit of tax-free pay is fully recognised (see table p. 29). The basis upon which reserve conditions are calculated deserves public re-examination. Elements such as superannuation (now common for part-time workers elsewhere), dental and medical care, Service allowance, long-service entitlements, increments for part-time service and the like must be considered for inclusion in a total reservist remuneration package. The ADF's reserve component has to be made competitive, and attractive, in seeking to enlist and retain service from young people who are exposed to a multiplicity of competing choices as to how to spend their available and often precious free time.

The low priority afforded the Army Reserve over many years has resulted in neglect and this has severely impacted on its effectiveness. Falling strength, low morale, inadequate and out-of-date equipment, and an inflexible training regime, have combined to reduce the Army Reserve to a force that does not have the capabilities needed and that are expected of it. From long experience we know the Army Reserve must not be subject, yet again, to an inquiry that recognises conspicuous shortcomings but is then accompanied by political and military indolence about correcting them. Past experience shows this just leads to regression in competencies. The Army Reserve also relies much more than the regular component upon informal networks and community links. This vital social infrastructure is easily disrupted and can only be restored with protracted and painstaking effort. To enable the Army Reserve to deliver the capabilities implicit in its task list, it must be nurtured, encouraged and supported with earnest, non-partisan and genuinely purposeful national attention.

To begin to shape the Army Reserve so that it is able to shoulder a fair share of responsibility for Australian Defence Force tasks, matters of recruiting and training, equipment, funding, conditions of service and new roles and tasks must be urgently addressed.

## Training

Reservists expect that training will be realistic, demanding, challenging and progressive. They also expect that achievement of individual competencies will be recognised and, where appropriate, rewarded. In addition, their training should be delivered at a time, a place and in a manner that will not cause unnecessary hardship or inconvenience to their other life as a citizen. The present requirement of a six-week continuous course for Initial Employment Training has had the twin effects of encouraging students and the unemployed who tend to leave the service when their circumstances change, while discouraging employed members of the community who are the very recruits most likely to continue to serve over an extended period.

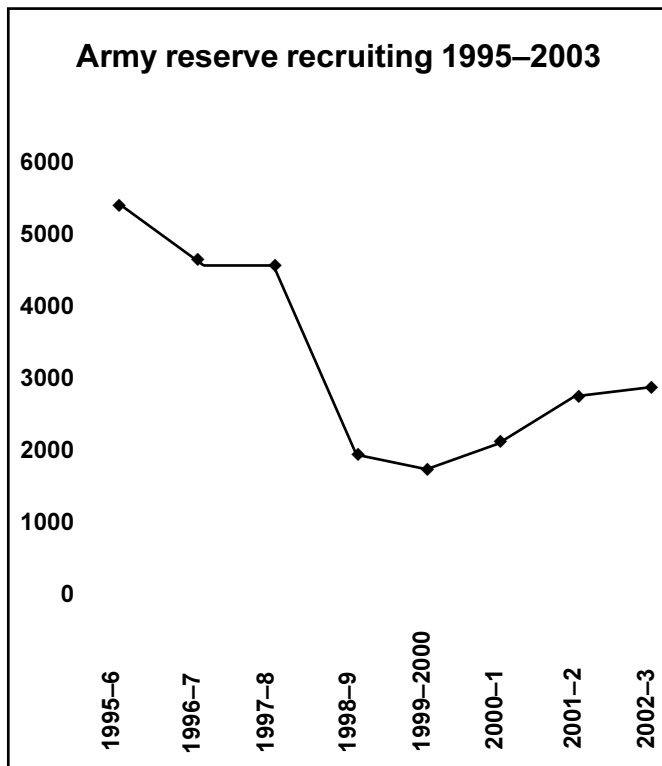
One of the most far-reaching consequences of the present recruiting policy is that by denying the broad cross-section of the available community access to military service, the reserve components, and consequently the ADF as a whole, are cut off from the optimum range of civilian skills and experience. Modern methods are available to enable training to be delivered over time in modules, and via distance-learning techniques and simulation. Unless higher priority financial or operational considerations apply, face-to-face contact should be limited to training that can only be delivered in that way. Army training methods must be rigorously examined to ensure that the reservist member has both individual and collective training provided in a manner that is comprehensive and efficient.

Adequate recognition should be given to the reservist's civilian qualifications, skills, and experience so that individual and collective capabilities maintained in the reserve component are extended and enhanced. In particular, the pervasive and critical shortage of Non-Commissioned and junior Commissioned Officers in the reserve component must be addressed by the establishment of accelerated promotion training streams. Failure to rectify this ongoing shortage of instructional capacity at unit level will continue to adversely impact training within Reserve units.

**Recruit Training.** In July 1998 the Army introduced the requirement for a 45-day continuous training course for all reservist recruits who had no previous military service. The course was matched as closely as possible to the full-time recruit course under a policy termed Common Induction Training (CIT). The effect this measure had on recruiting into the Army Reserve can be seen in the following graph which shows the level of Army Reserve recruiting in the three years preceding and the five years following the adoption of CIT.

Enlistments into the Army Reserve plummeted from 4951 per annum average prior to CIT to 2345 per annum average in the subsequent five years. This represents an effective loss

of 11,725 Army reservists over a five-year period—a number equivalent to 46 per cent of the Regular Army strength as at 30 June 2003. Not surprisingly, Active Army Reserve strength fell by 24 per cent over the 1998–2003 period. This result was predicted in expert research prior to CIT’s introduction but the Army chose to ignore the warning.



Sources: *Recruiting and Retention of ADF Personnel—Report of the Senate Foreign Affairs, Defence and Trade References Committee, October 2002, p. 72; From Phantom to Force (Joint Standing Committee on Foreign Affairs, Defence and Trade) August 2000; ANAO Report, Australian Defence Reserves 2000–1, p. 126; Defence Annual Reports 1995–2003.*

The problem with this recruit-training concept is not the course standard but in the Army-created difficulty confronting potential recruits, especially the difficulty in obtaining 45 days continuous leave from employers or academic institutions. The Army has responded to this situation by accepting that individual recruits can now elect to complete their initial training in two separate 3-week or three separate 2-week modules while at the same time stressing the importance of completing the course in one 45-day continuous period wherever possible. Consequently, few if any recruits are accepted to complete recruit training in two or more separate periods and thus many potential recruits are deterred and lost.

Furthermore, CIT is conducted in a remote location, away from the recruit’s unit, home town and district, and is generally undertaken without any involvement of unit staff with links to the recruit’s locality. By definition, a reservist’s roots in his or her local community are usually stronger than for their regular compatriots and reserve units collectively often have very strong links to their locality, its people and their history. Managed well, such bonds

maximise personnel retention, especially in the early days of reserve service, where the recruit undergoes new and strange experiences and where continuity and mateship can be important. A particular problem with CIT for reservists in a remote locality is that no bond can be established with the reservist’s unit. The vital introduction to the *esprit de corps* that nurtures continued reserve service is at best delayed, and too often not established sufficiently and early enough to bolster retention.

Finally, the Army’s capacity to meet the total recruit training commitment over the summer months, when both regular and reservist recruit numbers peak, is clearly insufficient. Course panels are frequently full over the preferred periods when many businesses prefer their staff to take holidays and when high schools and tertiary institutions have their longest breaks. This results in a reservist recruit’s attendance being postponed to later courses, often at short notice, and at more inconvenient times of the year for employers or educational institutions. Recruits unable to obtain further leave and are frequently then lost. It is of fundamental importance that recruits are able to attend the course of their choice. The problem has even spilled over into officer training (for reservist lieutenants) resulting in the cancellation of important reserve courses at the Royal Military College in 2003–4.

The disastrous impact of CIT on the strength of the Army Reserve demands urgent action. The Active Army Reserve is now far too small to provide the personnel required to the total land force. It is noticeably small when compared with the reserve components maintained by comparable countries such as the UK and Canada.

## Directions for future training

Reserve recruits should be able to complete their recruit training in a phased program of regional and national modules conducted over a maximum period of two years. The delivery of training by Army Reserve unit instructors (assisted by Army Recruit Training Centre (ARTC) staff where appropriate) has worked very successfully in the past and offers an efficient training system that falls within the ‘mobile training teams’ model described by the Army as an acceptable concept.

While a new recruit training regime is imperative, the opportunity for reservist recruits to undertake the 45-day continuous course can and should be preserved. However, the new entry stream would ensure that Army Reserve staff from the reservist’s unit are involved with the recruit at least in the first phase of training, just as they should be involved during the recruiting and induction process.

The RAAF presently conduct recruit training on such a phased basis, with preliminary training undertaken regionally, and the final three weeks continuous training undertaken centrally at RAAF Edinburgh. Recruit training is completed within two years of enlistment. Similarly, Army Reserve officer and non-commissioned officer training is conducted regionally by staff from regular component training detachments

## Equipment

In his article, the Chief of Army called upon the Army Reserve to be ready to contribute to initial deployment forces, required often at very short notice. This means such reservists need to be trained and equipped to a similar standard as the regular troops first deployed. How this can be achieved with Army Reserve units training on equipment passed to them only when regular units are re-equipped with updated or new models? This shortcoming will be increasingly apparent in the 'hardened and networked' Army as equipment becomes more sophisticated and requires more training for users to become proficient in its use. For too long the needs of Army Reserve units for up-to-date equipment have been regarded as low priority. Cost over-runs in equipment purchases (both new equipment and upgrades) have resulted in acquisition programmes being curtailed and equipment allocations to reserve units being too often limited or lost. Collective and individual interoperability between regular and reserve components is automatically limited by such policies, and a key capability of the Army Reserve in the area of relevance and readiness severely and adversely affected.

The recent M113 A1 Armoured Personnel Carrier upgrade project is a case in point. The bids for this project included a number of upgraded vehicles sufficient to equip regular units and a supplement for training purposes that would allow reserve units to be at least familiarised with the updated features of the vehicle. As is not uncommon, however, the cost per vehicle upgraded was underestimated and the number of vehicles upgrades reduced to make the overall cost meet the funds allocated. The inevitable followed with the training supplement being removed and with it the issue to the Army Reserve of any upgraded armoured vehicles. The purchase of the new Abrams tanks also sees the demise of the sole Army Reserve tank squadron.

Such decisions were made without any input or involvement from the part of the ADF most affected. No reservist representation exists at the level of the Defence Capability and Investment Committee or the Army Capability Management Committee. These are obvious and serious organisational omissions bearing on important and far-reaching decisions as to the capability of the reserve component. This case history is by no means isolated. Variations with the same devastating results for the Army Reserve have occurred persistently over many years.

## Funding

Historically, funding for the Army Reserve has generally not been defined or even identified within the overall Defence budget. It has been a source of wry observation that prior to the end of each financial year, training days are severely restricted or funds for some other budget account such as travel and accommodation have run out. However, as soon as the date is passed when any practical remedial action can be taken, available funds are mysteriously found. This circumstance has been well known at

organisational levels where funding can be diverted, and there has been a recurring temptation to misuse funds intended for the training of reservists to cover project cost overruns.

Such disregard for the integrity of funding allocated for reservist training must not continue. Under-spending of Army Reserve training day allocations will remain a feature as long as Army Reserve numbers continue to fall, unless proper 'commercial quality' fiscal management is instituted. Funding for the reserve component should be identified and quarantined within the Defence budget and spent only on the training of reservists. Budget management of such funds should be placed under the command of reservists to ensure that they are fully utilised in the delivery of a well trained, properly funded and accountable Army Reserve in accordance with the dictates of government policy.

## Conditions of service

How the conditions of service for reservists are structured has been unaltered for many years. This process has also proved quite unresponsive to fundamental changes in the role and nature of the reserve component. In particular, insufficient recognition is given to an individual's achievement of recognised competencies and to their individual level of readiness. A 2001 Retention Survey clearly shows the following areas and weights of dissatisfaction amongst reservists:

- lack of access to full medical and dental services (50 per cent)
- low pay (47.4 per cent)
- lack of retention incentives (43.8 per cent)
- inequitable allowances (43.1 per cent)
- no Defence-sponsored superannuation (36.6 per cent)
- inadequate financial support for fitness activities/equipment (26.1 per cent).

None of these concerns have really been addressed and the profound effect this lack of action has had upon reservists is plain to see in any examination of current unit strengths. Well-directed conditions of service are fundamental in promoting retention and in supporting the enhancement of the reserve component.

**Reserve salaries.** Reserve salaries are presently calculated using the following methodology:

- 85 per cent of the equivalent annual salary in the regular component (90 per cent for second lieutenant to major)
- divide by 365 (ignoring leave benefits, sick leave, weekend leave, etc.)
- reserve pay is tax free.

The following table compares the salaries of full-time and part-time Army personnel and shows the salary disadvantage suffered by the reservist as a percentage.

A more rational approach and alternative methodology for the determination of Reserve salaries would be:

- 100 per cent of the equivalent annual salary for a full-time member
- divide by 225 (reflecting the normal working days in a year and disregarding the entitlement to 10 days annual sick leave)
- reserve pay taxable.

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### AFTER-TAX SALARY COMPARISON—OTHER RANKS

	PTE	LCPL	CPL	SGT	WO2
Permanent Salary (1)	\$32,156	\$33,434	\$36,385	\$41,779	\$49,297
Less Tax (2)	\$6,344	\$6,760	\$7,696	\$9,360	\$11,752
Permanent Net Salary (3)	\$25,812	\$26,694	\$28,689	\$32,419	\$37,545
Permanent Net Salary ÷ 225 (4)	\$114.72	\$118.55	\$127.50	\$144.08	\$166.87
Reserve daily (5)	\$74.88	\$77.86	\$84.73	\$97.29	\$114.80
Reserve / Permanent (6)	65%	66%	66%	68%	69%

### AFTER-TAX SALARY COMPARISON—OFFICERS

	2LT	LT	CAPT	MAJ	LTCOL	COL	BRIG
Permanent Salary (1)	\$39,288	\$41,843	\$49,737	\$62,692	\$88,104	\$103,097	\$118,542
Less Tax (2)	\$8,580	\$9,412	\$11,908	\$16,536	\$28,475	\$35,763	\$43,253
Permanent Net Salary (3)	\$30,708	\$32,431	\$37,829	\$46,156	\$59,629	\$67,334	\$75,289
Permanent Net Salary ÷ 225 (4)	\$136.48	\$144.14	\$168.12	\$205.14	\$265.02	\$299.26	\$334.62
Reserve daily (5)	\$96.87	\$103.17	\$122.64	\$154.58	\$205.17	\$240.09	\$276.06
Reserve / Permanent (6)	71%	72%	73%	75%	77%	80%	82%

(1) Pay rates as at 04 November 2004 disregarding Service allowance, superannuation and recreational and long-service leave entitlements.

(2) Current taxation rates with tax-free threshold and leave loading, and disregarding benefit of deductibility of work-related expenses.

(3) After allowance for taxation.

(4) 225 dividend represents a year of 5-day working weeks less public holidays.

(5) Tax-free pay rate.

(6) Rounded to nearest whole percentage.

While a Reservist on the top marginal tax rate may be slightly advantaged under the present method, all other reservists are detrimentally affected—most notably those at lower pay levels and marginal tax rates. This circumstance renders reservist service less attractive to many categories of male and female employees as well as students. In addition, no recognition is currently given to the essentially casual nature of reservist service. The most marked impact of the existing salary arrangements is on recruitment, and on the retention of junior non-commissioned officers and base-level reservists.

Reform of reservist salary rates would also provide stronger encouragement to members of the regular component to transfer to the Active Reserve on completion of their full-time service. These trained and valuable soldiers should not (as now) be subject to a significant reduction in salary level on transfer to equivalent duties in the Active Reserve.

**Long service, annual and sick leave.** Reservists are currently entitled to long service leave but inadequate records result in reservists being unaware of this and consequently in many not taking up their entitlements. A functioning long service leave system for reservists is urgently required. Annual and sick leave entitlements are now included in virtually all classes of civilian employment. If these allowances are not to be a part of the remuneration package for defence force reservists then due allowance for this significant exclusion should be made.

**Allowances.** Many allowances are rightly paid to both full-time and part-time ADF personnel. Such allowances include Higher Duties, Clearance Diving, Flying, Paratrooper, Seagoing, Special Action Forces, Submarine,

Field, Separation, and Hard Lying. However, when allowances are paid to reservists their tax-free environment means they receive a larger sum than their full-time counterpart whose pay is subject to tax. This anomaly is not fair and supports the general proposition that the pay structure for reservists should be reformed.

**Superannuation.** The Military Superannuation Benefits Scheme (MSBS) mandates a five per cent member contribution, and an employer contribution consistent with the superannuation guarantee employer levy, but neither currently applies to reservists. There is every reason why the superannuation guarantee legislation should be applied to defence-force reservists just as it now is to all other part-time employees in Australian society.

**Trainees' dependant allowance.** This allowance, presently available only to full-time trainees who are supporting a dependant, should be extended to reservists who are similarly placed during a period of recruit or induction training. There is absolutely no reason for any distinction in eligibility between full-time and part-time personnel in this regard.

**Access to medical and dental services.** Full-time ADF personnel are justifiably provided with free medical and dental treatment to maximise their availability for deployment at short notice and for potentially long periods where such support may be minimal. Members of the ADF High Readiness Reserve are also required to be similarly available and could be similarly deployed. There is no justification for commensurate free medical and dental treatment to be denied to reservists required to be on high rates of readiness.

**High readiness reserve bonus.** When the high readiness reserve bonus was originally introduced the recommended level was \$1500. It is presently paid at the considerably lower level of \$600 on the completion of a minimum service obligation of 50 days per year. This incentive should be kept under constant review for adequacy and an ongoing 'length of service' survey established in the high readiness reserve (including the counter-terrorism support Reserve Response Forces) to ensure that all members complete a minimum of five years service.

**Attendance allowance.** Many Reservists travel considerable distances to attend training. Recompense for this expense should be re-introduced so that reservists, particularly in regional areas, are not disadvantaged by their willingness to serve.

**Competency, completion and retention bonuses.** A high retention rate of trained reservists is essential if the Army Reserve is to achieve the contribution to ADF capability required by the Chief of Army. A carefully implemented and adequately resourced system of competency, completion and retention bonuses would elevate retention levels. This would reduce the considerable cost involved in constantly training new recruits enlisted to replace departing trained members. Bonus rewards for the achievement of competency milestones, such as initial employment training and first appointment training, could also be considered in this regard.

**Compensation.** A comprehensive military rehabilitation and compensation system is essential for reservists as it is for all ADF members. Reservists must receive compensation for injury, disease or death caused by defence force service and this must reflect due recognition of impacts on military and civilian employment. The new *Military Rehabilitation and Compensation Act 2004* makes specific provision for the calculation of the lost earning capacity of reservists having regard to both military and civil earnings and is to be commended. The treatment of reservists and their families under this legislation, however, must be closely monitored for equality.

## Promised reserve capabilities

Finally, following lessons learnt from the ADF's commitment to East Timor in 1999, an array of new capabilities was heralded as being embedded in the defence force's reserve component. As but one example, is the Civil Military Cooperation (CIMIC) unit established in Brisbane fully equipped, viable and functional? If so, why was it not committed to the Solomon Islands when the need arose? What has become of the Armoured Fighting Vehicle delivery unit, reinforcement holding unit, and the military police, terminal operations, civil affairs, intelligence, linguist, and logistic capabilities considered for the Army Reserve following the East Timor deployment?

Performance has not matched promise and these much heralded, publicised and important new capabilities have not been delivered. Such disappointments do nothing to enhance effectiveness, morale and retention in the Army Reserve, particularly when the significant skills base required, and the

part-time nature with which it is required, make such specialist units a natural and valuable reservist contribution to the ADF. In many cases too these are joint and not just land force capabilities.

## Action this day needed

The attention at last being paid to the ADF's reserve components is positive even if the reason for it is the inevitable realisation by the ADF that the government's task list cannot be met without significant contributions from the reserve component. These vital elements of the ADF must now attract the focus they have desperately needed for many years. Ever-increasing demands upon the ADF mean that more and more is going to be expected of the reservists serving throughout its ranks. The capability of the reserve elements of the force must be elevated in strength, in competency and in availability if the prospect of the ADF faltering under commitment overload is to be avoided.

The Army Reserve is the largest of the ADF's reserve components and the one most integrated with the wider Australian community on a day-to-day basis. It remains, as always, available for duty and committed to backing up the full-time component and serving the nation as and when needed. Old prejudices on both sides of the regular versus reserve debates must be put aside. The earnest, genuine endeavour and the considerable intellectual capacity of the ADF needs to be harnessed behind an initiative to bring our part-time forces to the level of training and manning that will enable the capability contribution to which they aspire. This will not happen without effort. Cooperation from both full-time and part-time members of the ADF is essential if the welding of both elements into a cohesive total force is to be achieved.

A good beginning would be urgent action on the following steps:

- Army Reserve recruiting be unit-based not contracted out.
- Prospective Army Reserve recruits complete their recruit training over a period of two years through a mix of centrally and regionally conducted modules that best suit their civil employment circumstances, personal education program and availability throughout each year.
- The Army Reserve be formally and directly represented at all levels of equipment acquisition so capabilities mainly or partially supplied by reservist members and units are not diminished by ill-informed or poorly considered decisions.
- Reserve component budgets be quarantined.
- Conditions of service for reservist personnel be completely overhauled. While the improvements recommended above will involve a considerable cost burden, this will be more than offset over time by the compensating savings in training costs through improved retention.
- The capabilities to be maintained by reservist personnel promised over recent years be raised and equipped to full strength. ♦

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