

The Auditor-General
Audit Report No.43 2009–10
Performance Audit

Army Individual Readiness Notice

Department of Defence

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of Australia 2010

ISSN 1036-7632

ISBN 0 642 81137 7

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Canberra ACT
16 June 2010

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Department of Defence in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit and the accompanying brochure. The report is titled *Army Individual Readiness Notice*.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian McPhee'.

Ian McPhee
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Abbreviations

ADF	Australian Defence Force
AHA	Annual Health Assessment
AIRN	Army Individual Readiness Notice
ANAO	Australian National Audit Office
ARA	Australian Regular Army
BFA	Basic Fitness Assessment
CFTS	Continuous Full Time Service
COSC	Chiefs of Services Committee
CPHE	Comprehensive Physical Health Examination
DC	Dental Classification
Defence	Department of Defence
HealthKEYS	Health Key Solution
HQJOC	Headquarters Joint Operations Command
JCPAA	Joint Committee of Public Accounts and Audit
MEC	Medical Employment Classification
PMKeyS	Personnel Management Key Solution
Reservist	Member of the Army Reserve
RFSL	Regional Force Surveillance List
RFSU	Regional Force Surveillance Unit
SRP	Strategic Reform Program
VCDF	Vice Chief of the Defence Force
WTSS	Weapons Training Simulation System

Summary and Recommendations

Summary

Army preparedness and individual readiness

1. Army preparedness is defined as Army's ability to deploy appropriately trained and equipped units and individuals, at short notice, and be able to support these units and individuals for the duration of their deployment. These two aspects of preparedness are referred to as readiness and sustainability.

2. Army readiness encompasses individual readiness, equipment readiness and collective training. Individual readiness refers to the availability of individual Army members to be deployed on operations, possibly in a combat environment, at short notice to perform the job for which they have been trained. The individual readiness of Army members influences the speed with which Army can be mobilised and the ability for Army to sustain prolonged operations. Accordingly, the Chief of Army's Preparedness Directive 2008 states that: 'individual readiness is the foundation of collective preparedness.'¹

The Army Individual Readiness Notice

3. The Army Individual Readiness Notice (AIRN) defines a minimum level of readiness, across six components, which every trained member of the Australian Regular Army (ARA) and the Army Reserve (Reservist) is required to attain and continuously maintain. The six components of the AIRN are: individual availability; employment proficiency; medical fitness; dental fitness; physical fitness; and weapons proficiency.

4. The requirements of the AIRN are set out in Defence Instruction (Army) OPS 80-1 *Army Individual Readiness Notice* (the AIRN Instruction). This Instruction specifies that Army members are to be reported as either *Ready* or *Not Ready* in each AIRN component; that members are required to be regularly assessed to confirm their continued compliance with the requirements of the dental, medical, physical and weapons components but are deemed to comply with the individual availability and employment proficiency components unless it is otherwise reported. And that a member's overall readiness status is

¹ Department of Defence, *Chief of Army's Preparedness Directive*, 2008, p. 5.

to be reported as *Ready* if they meet the requirements of all six components and are not overdue for a review in the dental, medical, physical or weapons components.²

5. The AIRN Instruction directs individual members to be responsible for ensuring they remain AIRN compliant at all times, and commanding officers to ensure that the members under their command are provided with the time, facilities and resources necessary to comply with the AIRN. In practice, individual members take responsibility for making and attending medical and dental appointments, usually at the behest of their commanding officer. Commanding officers take responsibility for organising group assessments of members' physical fitness and weapons proficiency. Medical assessments are conducted annually by a nurse or military equivalent, and every five years by a doctor. Dental examinations are conducted annually by a dentist.

6. The AIRN was first introduced in 1997 when the Army did not have the number of personnel on overseas deployments that it does today, and operations were usually of a peacekeeping nature.³ Today, Army's operations are at their highest level since 1973 and Army is involved in more warfighting operations.⁴ Army informed the ANAO that, as at May 2010, 2373 Army members were deployed on operations.

7. The ANAO first audited the AIRN system in 1999–2000 and concluded that there was scope for Army to improve both the effectiveness of the AIRN in achieving its objective and the efficiency with which it was administered.⁵ The parliamentary Joint Committee of Public Accounts and Audit (JCPAA) reviewed the findings of that audit in October 2000 and recommended that Army define rigorously what constitutes a sufficient level of readiness and the cost implications of readiness.⁶ In 2003–04 the ANAO conducted a follow-up audit of the AIRN and concluded that data integrity issues still existed in the AIRN reporting and recording system, compromising its usefulness.⁷

² A member's overall readiness status is also reported as *Ready* if they have been granted an overall exemption from meeting the requirements of the AIRN or if they have been granted component waivers for all components they are reporting as *Not Ready* in (see paragraphs 35–41).

³ Defence Annual Report 1997–98, pp. 62–64.

⁴ Defence Annual Report 2007–08, p. 66.

⁵ ANAO Audit Report No.26 1999–2000, *Army Individual Readiness Notice*, January 2000.

⁶ JCPAA Report 380, February 2001, Recommendation No.1.

⁷ ANAO Audit Report No.45 2003–04, *Army Individual Readiness Notice Follow-up Audit*, April 2004.

Audit objectives, scope and criteria

8. The objective of this audit was to examine whether Army effectively administers the Army Individual Readiness Notice to support the achievement of its purpose.

9. The audit examined how Army administers the AIRN, giving particular consideration to how Army collects, monitors and reports on AIRN data. The audit also compared the implementation of the AIRN across a sample of Army units, facilities and services.

10. The high level audit criteria used to assess the administrative effectiveness of the AIRN included whether:

- Army regularly reviews the AIRN to ensure it continues to fit within Army's structure and operating environment;
- the purpose of the AIRN is clear and the mechanisms of the AIRN support its purpose;
- the systems and processes for recording, storing and reviewing AIRN data in PMKeyS⁸ ensure that the data is accurate, timely and complete;
- the roles, responsibilities and requirements of the AIRN are well understood and consistently applied across Army;
- appropriate and adequate resources have been allocated for the administration of the AIRN;
- performance targets for the number of personnel who are AIRN compliant within Army are appropriate and achievable, and levels of AIRN compliance are regularly reported to Army's senior commanders; and
- Army uses appropriate cost information to inform decision making for the AIRN.

⁸ The Personnel Management Key Solution (PMKeyS) system is used by Defence for storing and managing the personnel records for all military and civilian staff.

Overall conclusion

11. The Army Individual Readiness Notice (AIRN) stipulates individual readiness requirements that every member of Army is required to attain and continuously maintain. These requirements address an Army member's medical, dental and physical fitness, as well as their proficiency in using a weapon, job performance and availability to deploy at short notice. Stipulating such requirements as a basic standard that all Army members should continually strive to comply with makes good sense.

12. To administer the AIRN, Army seeks assurance that every member does meet, and continues to meet, AIRN requirements. To get this assurance Army:

- uses Defence's electronic personnel management information system, PMKeyS, to maintain an AIRN record for every member; and
- requires members to be regularly reassessed to confirm their continued compliance in the dental, medical, physical and weapons components.

13. To emphasise the importance of the AIRN, the relevant policy⁹ states that the AIRN's purpose: 'is to maintain a minimum level of [individual readiness] within Army to ensure that Army personnel are capable of being deployed at short notice'. This purpose implies that, simply complying with AIRN requirements provides a sufficient level of individual readiness to ensure that Army members are capable of being deployed on operations at short notice. However, during fieldwork for this audit, relevant Army stakeholders interviewed by the ANAO indicated that, in practice, the AIRN is seen as providing a baseline or a basic standard of individual readiness that is then built upon to ensure Army personnel are ready for deployment.

14. To underpin a shared understanding across Army of the purpose of the AIRN in Army's contemporary environment, the ANAO has recommended that Army review the purpose of the AIRN as set out in the AIRN Instruction to ensure that it accurately reflects the AIRN's current use.

⁹ Defence Instruction (Army) OPS 80-1 *Army Individual Readiness Notice*. Referred to in this report as the AIRN Instruction.

15. Further, there is scope for improving Army's implementation of the AIRN by:

- reviewing the suitability of the AIRN component requirements for providing assurance of individual readiness;
- addressing the lack of clarity in the current reporting of a member's AIRN status in PMKeyS associated with only using the two categories of *Ready* and *Not Ready* to report on a member's overall readiness status;¹⁰
- actively monitoring AIRN data, at a strategic level, to identify whether there are any critical matters relating to individual readiness that should be brought to the attention of the Chief or Deputy Chief of Army; and
- reducing the incidence of some testing being duplicated in order to separately satisfy the requirements of the AIRN and ensure that members are ready for imminent deployment.

16. Notwithstanding these improvement opportunities, the ANAO considers that the AIRN is generally well administered within Army at the unit level, with the notable exception of the large proportion of members who are reported as *Not Ready* in PMKeyS only because they have not adhered to the testing frequency requirements of the AIRN Instruction.¹¹

17. As part of the 2009 Defence White Paper,¹² the Government committed to extensive reform of Defence business to improve accountability, planning and productivity. In response to this, in June 2009, Defence announced the Strategic Reform Program (SRP), Delivering Force 2030. Under the SRP, Defence has committed to make gross savings of some \$20 billion over the 10 years 2009–19. Defence is expected to achieve these savings as the funds are to be reinvested in delivering stronger military capabilities, remediating areas where there has not been enough funding in the past and modernising the

¹⁰ For example, members confirmed pregnant, Reservists not rendering effective service and members assessed as permanently unable to deploy are reported as *Ready* if they have been granted an overall exemption. Similarly, members who have been granted component waivers, acknowledging their inability to meet requirements of particular AIRN components are reported as *Ready* in the component they are waived in.

¹¹ On 30 September 2009, this proportion equated to 22.8 per cent of Army's trained force.

¹² Defence White Paper 2009, *Defending Australia in the Asia Pacific Century: Force 2030*.

Defence enterprise ‘backbone’, all of which are essential to support the fighting force.¹³ The SRP includes an efficiency and effectiveness stream that specifically addresses the cost of preparedness.

18. In this context, the ANAO considers that it is important that in addressing the matters raised in this report and in seeking to improve the effectiveness of its ongoing administration of the AIRN, Army estimate the expected costs and/or potential savings of making any changes to AIRN requirements.

Key findings by chapter

AIRN Policy (Chapter 2)

19. As noted in paragraph 13, the purpose of the AIRN as stated in the AIRN Instruction: ‘is to maintain a minimum level of [individual readiness] within Army to ensure that Army personnel are capable of being deployed at short notice.’¹⁴

20. Army Headquarters is responsible for reviewing the AIRN Instruction and for interpreting AIRN policy. Army Headquarters has reviewed the AIRN Instruction four times since its inception. However, the stated purpose of the AIRN has not been reviewed since the AIRN was introduced in 1997.

21. The AIRN Instruction was most recently reviewed and revised in December 2008. Army advised the ANAO that there were limited records available of the analysis or work undertaken leading up to the 2008 revision. A noticeable change in this latest version, when compared with the 2006 version, is the removal of a definition of short notice. The 2006 version specified short notice as 28 days, but no definition of short notice is included in the 2008 version. Removing the definition for short notice from the AIRN Instruction is consistent with other audit findings that indicate that, in practical terms, the AIRN is seen as providing a baseline of individual readiness and a common start point for members entering pre-deployment training. Nonetheless, in the normal course of events, compliance with AIRN requirements remains fundamental to ensuring the availability of suitably prepared Army members to undertake the enhanced individual and collective

¹³ Department of Defence, *The Strategic Reform Program: Delivering Force 2030*, p. 3.

¹⁴ Defence Instruction (Army) OPS 80–1 *Army Individual Readiness Notice*, 14 December 2008, p. 1.

training required to generate individuals and force elements capable of deployment.

22. While conducting the audit, the ANAO became aware of a number of proposed changes related to the management of Army preparedness and deployments which will affect the ongoing management of the AIRN. Some of these changes were addressed in the recently released Chief of Army Directive 49/09, *Management of Army personnel on operations* and other changes are discussed in the updated version of the Chief of Army's Capability Directive (now the Chief of Army's Preparedness Directive) endorsed on 4 March 2010.¹⁵

23. The Chief of Army Directive 49/09, *Management of Army personnel on operations* specifically addresses the management of Army members deploying on operations. A key requirement of this directive is for units to be appropriately prepared before they arrive at pre-deployment training. This is to enable troops to focus on mission specific training and other pre-deployment tasks that cannot be completed in the normal unit setting. The directive requires commanders to ensure that members arrive for pre-deployment training with everything within a unit's control up to date. The first matter on the list of nine actions for commanders to address is AIRN compliance.

24. The Chief of Army's updated Preparedness Directive recognises that within the current Army environment there is a continual cycle of training and preparation for deployment, deployment on operations and return and rest after deployment. The ANAO has recommended that Army reviews the AIRN Instruction to consider whether the purpose of the AIRN as currently set out in the instruction accurately reflects its role in ensuring the availability of suitably prepared Army members to undertake the enhanced individual and collective training required to generate individuals and force elements capable of deployment.

¹⁵ At the time of audit fieldwork in 2009, the Chief of Army's Capability Directive 2006–07 was the current capability directive. During the course of the audit, the ANAO was provided with a draft of the new Preparedness Directive which was subsequently endorsed on 4 March 2010 and supersedes the 2006–07 Directive.

Compliance with AIRN components (Chapter 3)

25. A brief to the Chief of Army, dated 26 October 2009, advised that 59.0 per cent of Army's trained force was individually *Ready* and 41.0 per cent was *Not Ready* on 30 September 2009. This calculation did not take into account all members of the trained force as it excluded 3246 fully trained members who were exempt from meeting the requirements of the AIRN on that day.¹⁶ With these members included, to consider the total population of the trained force, 53.6 per cent of the trained force met the AIRN requirements to be assessed as *Ready*, 37.2 per cent was *Not Ready* and 9.2 per cent was exempt (with more than half of exempt personnel actually deployed on operations at the time).

26. Army advised the ANAO, in May 2010, as follows:

AIRN has moved on from the original intent given the current level of collective operational deployment. As a result, the policy and detailed requirements fail to accurately reflect the actual level of Army readiness. Army, as part of a broader tri-service review of individual readiness, has commenced an assessment of the policy around readiness assessment with a view to capturing more completely the true level of readiness.

27. The ANAO calculated that 22.8 per cent of Army's trained force was *Not Ready* on 30 September 2009 only because these members were overdue for a review in one or more AIRN components. The remaining 14.4 per cent of members who were *Not Ready* on this date had been assessed as *Not Ready* in at least one AIRN component. With almost a quarter of Army's trained force assessed as *Not Ready* solely because they had not undertaken testing for one or more AIRN components in accordance with the timeframes set out in the AIRN Instruction, the effectiveness of the AIRN system is undermined and the usefulness of conclusions drawn from the data is compromised.

28. Of the members who were reported as *Not Ready* only because they were overdue for a review in one or more components, more than half were overdue for reviews in the physical and weapons components. This most likely reflects the six monthly review period for these components and the inability of Army units to always successfully manage compliance within this timeframe.

¹⁶ Significantly, most of these members (58.7 per cent) were exempt because they were deployed on operations. The remaining members were exempt for a range of other reasons including being: a member confirmed pregnant; a Reservist rendering non-effective service; a member of the Standby Reserve; a member of the Regional Force Surveillance List; or a member in receipt of a critical skills exemption.

29. Of the members who had been assessed as *Not Ready* in at least one component, the largest proportion had been assessed as *Not Ready* in the dental component. This was closely followed by the proportion of members who had been assessed as *Not Ready* in the medical component.

30. Long waiting times for dental appointments were seen by many of the Army members interviewed by the ANAO during this audit as a barrier to their maintaining AIRN compliance. This perception was not substantiated by the average waiting times at Army dental facilities provided by the Directorate of Defence Force Dentistry for August 2009 (see Table 3.4 in Chapter 3). However, Army dental personnel informed the ANAO that at particular times, dental services can experience periods of increased demand, which blow out average waiting times, caused by a combination of:

- members failing to attend dental appointments;
- the poor dental health of recruits; and
- the requirement for all members to be dentally fit for the duration of any deployment.

31. To comply with the requirements of the AIRN medical component members are required to undergo an annual health assessment. These assessments are conducted by a nurse or military equivalent, and have a focus on preventative health. During fieldwork for this audit, Defence personnel interviewed by the ANAO commented that the value of conducting annual health assessments of fit, young soldiers was questionable, particularly given that it is unusual for an injury or illness that would prevent a member from deploying to be first identified during these assessments. Indeed, if such a medical issue is identified, the medic refers the member to a doctor for further assessment. Furthermore, a member's medical fitness to deploy is assessed whenever they seek medical attention. In these circumstances, there would be benefit in Army assessing the cost effectiveness of routinely undertaking annual health assessments for all members. A more risk-based approach may be able to be employed in determining the frequency of a member's health assessment.

Costing proposed changes to AIRN requirements

32. Army informed the ANAO that it does not know the cost of operating and administering the AIRN, and it is not currently a priority for Army to obtain this information. The ANAO accepts that at this time there is little point in Army applying resources to cost the AIRN itself. However, in the context of

the SRP under which Defence is expected to achieve significant savings, the ANAO considers that it is important that in seeking to improve the effectiveness of its ongoing administration of the AIRN, Army estimate the expected costs and/or potential savings of changes to these current requirements.

33. In this context, examples of matters raised by the ANAO in relation to the effectiveness of AIRN component requirements include:

- the review period for the physical and weapons components (currently six months, see paragraph 3.16);
- the approach for determining the frequency of preventative health assessments for Army members (currently undertaken annually for all members, see paragraphs 3.27–3.31);
- the timing of initial dental treatment for recruits (currently, not usually undertaken until after they have undergone both recruit and initial employment training and have joined their units, see paragraphs 3.50–3.51);
- the duplication of medical and dental examinations for members prior to an imminent deployment (see paragraphs 3.52–3.54); and
- the benefit of five yearly dental examinations for Reservists (see paragraphs 3.55–3.60).

34. ANAO has recommended that Army reviews the requirements of the AIRN components to ensure that they represent a cost effective contribution to maintaining individual readiness.

Component waivers, overall exemptions and reporting of AIRN data (Chapter 4)

35. Army acknowledges that, over the course of their careers, Army members will move in and out of AIRN compliance for reasons both within and beyond their control. To manage periods where Army members may be unable to comply with the requirements of the AIRN for reasons beyond their control, the AIRN Instruction includes provisions for members to be granted an overall exemption or component waivers.

36. Overall exemptions are granted to:

- members who are unable to comply with the AIRN for service reasons, for example, members deployed on operations and members on leave;

- members confirmed pregnant;
- members posted to the Regional Force Surveillance List;¹⁷
- Reservists providing non-effective service;¹⁸ and
- members who have been assessed as permanently unable to maintain AIRN compliance for reasons beyond their control, but whose continued service has been deemed to be in the best interests of Army.

37. Members of the Training Force and Standby Reserve are also exempt from meeting the requirements of the AIRN.

38. Currently, the overall readiness status of a member, who has been granted an overall exemption is reported as *Ready* in PMKeyS. This is not consistent with the requirements of the AIRN Instruction which, depending on the reason the overall exemption was granted, sets out different requirements for how the member's overall readiness status should be reported.

39. The reporting of all members who have been granted an overall exemption as *Ready* creates the potential for confusion within Army units, particularly when units are managing members confirmed pregnant and Reservists who are not providing effective service to Army. It is not useful to have the overall readiness status of these members reported as *Ready* when clearly they are not capable of being deployed. Indeed, the ANAO identified that in some of the units visited during fieldwork for this audit, such members were not being granted overall exemptions. The ANAO also identified some inconsistencies in the administration of overall exemptions applying to deployed members.¹⁹

40. Component waivers are granted to a member at the discretion of their commanding officer. Waivers acknowledge the temporary inability of the

¹⁷ Regional Force Surveillance Units (RFSUs) operate in remote areas of Northern Australia and are responsible for maintaining regionally based situational awareness in their area. Some members of these units cannot meet entry requirements for the Army Reserve but have suitable skills for RFSU tasks, so they are enlisted under special conditions to the Regional Force Surveillance List.

¹⁸ A Reservist is identified as not rendering effective service if they fail to attend required training as specified by their Commanding Officer and they have not applied for leave.

¹⁹ One unit visited entered overall exemptions in PMKeyS for deployed members once a member's AIRN status had expired. Another unit with two groups deployed on different operations, had entered overall exemptions into PMKeyS for one group but not the other. For members who deploy with a unit other than their own, it was unclear which unit was responsible for entering the member's overall exemption in PMKeyS.

member, for reasons beyond their control, to comply with the requirements of a particular AIRN component.

41. The AIRN Instruction does not specify whether the member should be reported as *Ready* or *Not Ready* in the waived component. In practice, a member can only be granted a component waiver for a component in which they are reporting as *Not Ready*, and granting the waiver changes the readiness status of that waived component from *Not Ready* to *Ready*.

42. Unit commanders visited during audit fieldwork were generally reluctant to grant members component waivers as it made it more difficult for them to keep track of and manage these members who were not able to comply with the requirements of particular AIRN components.

Reporting of AIRN data

43. Most information relating to a member's readiness status is manually entered into PMKeyS by administrative staff at the member's unit, or at the medical or dental facility where the member had their dental or medical examination. There is some electronic transfer of dental and medical information into PMKeyS when the dental or medical facility is using the Health Key Solution (HealthKEYS) health management information system.

44. Centrally storing AIRN data in PMKeyS enables Army to aggregate this data to report on AIRN compliance across different groups and formations within Army and Army as a whole.

45. However, there is an inherent inaccuracy in any AIRN report compiled for different Army groups and formations related to the time lag between when the information about a member's AIRN status becomes available and when this information is manually entered into PMKeyS. Further inaccuracy is introduced by the unreliable interface between PMKeyS and HealthKEYS, resulting in some information not successfully transferring between the two systems.

46. Reporting a member's overall readiness status in only two categories, either *Ready* or *Not Ready*, groups together members with very different circumstances into the one category, limiting the capacity to draw meaningful

conclusions from the data.²⁰ As such, to understand the implications of their unit's AIRN data, commanding officers often rely on supplementary briefings provided by administrative staff or their junior officers. When AIRN data is aggregated for groups or formations within Army larger than a single unit, the additional information about why members have been categorised as *Ready* or *Not Ready* is either significantly diluted or not available.

47. Administrative staff from 1 Brigade are in the process of developing a new AIRN reporting tool,²¹ the *Brigade Reporting Tool* (BRT) to help improve the reporting to commanders. The ANAO encourages Army's initiative in developing an improved AIRN reporting tool which will allow improved analysis and use of AIRN information at both the unit and strategic level.

48. The only specific comment made in the AIRN Instruction on the level of performance expected in relation to AIRN compliance is that all Army personnel are required to be ready always. While it is appropriate for Army to expect all members to continually strive to comply with the AIRN, there are a range of reasons why, at a given point in time, there will be members who do not satisfy one or more of the AIRN components. Accordingly, a performance target of all Army personnel being ready all the time is neither a practicable nor useful measure of Army's management of individual readiness. Army informed the ANAO that due to the complexity of individual readiness it considers that performance targets of AIRN compliance for whole of Army are of limited value. Rather, performance targets and measures are best managed at the unit level where these complexities can be more easily communicated.

49. The AIRN Instruction requires Chief of Army to report AIRN data to the Chiefs of Services Committee (COSC) as at March and September each year. Army advised the ANAO that reports had not been provided to COSC since June 2006. In addition, while the AIRN Instruction envisaged that AIRN data would be used by Army Headquarters for operational planning purposes and reporting Army's level of preparedness, in practice it is mostly used by unit and sub-unit commanding officers to understand and monitor the

²⁰ Members reporting as *Ready* include members who have been granted an overall exemption or have been granted component waivers for all components they are not ready in. Members reporting as *Not Ready* include members who have been assessed as *Not Ready* in at least one component either for reasons within or beyond their control, and members who are only overdue for a review in one or more components, again for reasons either within or beyond their control.

²¹ 1 Brigade has its headquarters at Robertson Barracks in Darwin.

readiness status of the members under their command and is not used by Army Headquarters.

50. Accordingly, the strategic oversight functions relating to individual readiness as currently outlined in the AIRN Instruction were not operating at the time of audit fieldwork.

51. Given that individual readiness contributes to Army preparedness, and that good governance requires that agencies have a structured and regular system of performance monitoring and review,²² it is important that Army ensure appropriate AIRN performance information is provided to senior ADF managers. Noting the complexity and current limitations of the AIRN data, recommencement of reporting of overall AIRN data to the COSC, without implementing improvements to the categorisation and analysis of AIRN data, would be of limited benefit in appropriately informing these senior ADF managers. Accordingly the ANAO suggests that Army review, in light of the findings of this report, the approach to effectively reporting on Army individual readiness to COSC. In addition, the ANAO considers that there would be merit in Army Headquarters taking an active role in monitoring and analysing AIRN data and drawing critical matters to the attention of Chief of Army and/or Deputy Chief of Army.

Defence response

52. Defence's detailed responses to each of the audit's three recommendations are set out in the body of the report underneath the relevant recommendation. Defence also provided the following overall response to the proposed audit report:

Defence welcomes the ANAO audit into Army Individual Readiness Notice, which assessed whether Army is effectively administering the AIRN to support the achievement of its purpose, and whether Army reliably measures the administrative costs. The ANAO has previously audited the AIRN in 1999–2000 and 2003–04. Defence agrees to the three recommendations included in the report.

For Army to be prepared to undertake military operations it is required to commit appropriately trained and equipped troops at short notice. Army, at all

²² Australian National Audit Office, Department of Finance and Administration (2004), Better Practice Guide, *Better Practice in Annual Performance Reporting*, p. 1.

times, maintains a level of organisational readiness that reflects the degree of urgency of any potential response.

To meet all potential operational requirements Army employs a multi-layered preparedness system, which addresses readiness from the individual Army member, through to unit level all the way up to the organisation as a whole. Defence agrees with ANAO's observations that the system of individual readiness and its measurement of 'Ready/Not Ready' is too narrow. The AIRN is a foundational component of preparedness for operations on which further systems of collective level training and assessment are applied, and as such its use in reporting is more suited as a measure of individual readiness by unit level commanders and below, rather than providing a snapshot of operational and strategic readiness.

The use of AIRN as a reporting tool has evolved from its original intent given the current level of collective operational deployment. As a result, the policy and detailed requirements fail to accurately reflect the actual level of collective Army readiness. Accordingly, Army's individual readiness requirements will be included in a Vice Chief of the Defence Force-led (VCDF) review of the readiness requirements of all three Services. Army has also commenced a review of the AIRN policy to better align individual and collective readiness requirements directed in the Chief of Army Preparedness Directive. Army will integrate ANAO's recommendations to establish a more objective and timely assessment of AIRN at all tiers up to the overall Service level. Army, and Defence overall, remains able to meet the operational requirements dictated by the Government.

Recommendations

Recommendation No.1
Para. 2.25

The ANAO recommends that Defence reviews the AIRN Instruction to consider whether the purpose of AIRN as currently set out in the Instruction accurately reflects its role, as a basic individual readiness requirement for Army members which can be readily built upon to prepare individuals and force elements for deployment.

Defence response: Agreed.

Recommendation No.2
Para 3.76

The ANAO recommends that Defence review the requirements of the AIRN components (such as five yearly dental examinations for Reservists and the approach for determining the frequency of health assessments for members) to confirm that maintaining compliance with the requirements as currently specified in the AIRN Instruction represents a cost effective contribution to maintaining individual readiness.

Defence response: Agreed.

Recommendation No.3
Para 4.48

To improve visibility of the impact of individual readiness on Army preparedness, the ANAO recommends that Army Headquarters improve its monitoring, analysis and oversight of AIRN data and highlight any critical matters to Deputy Chief of Army and Chief of Army.

Defence response: Agreed.

Audit Findings and Conclusions

1. Introduction

This chapter provides background on the Army Individual Readiness Notice (AIRN) and its link to Army preparedness. This chapter also includes an overview of previous audit coverage of the AIRN by the ANAO and the consideration of these audit reports by the Joint Committee of Public Accounts and Audit (JCPAA). It also explains the approach, objective and methodology of this audit.

Army preparedness

1.1 The Government's defence mission is: 'to defend Australia and its national interests'. The Australian Army (Army) contributes to achieving this mission through the provision of military capabilities for land and special operations. As at 30 June 2009, there were 27 833 full time members of the Australian Regular Army (ARA) and 15 473 part time members of the Army Reserve (Reservists).²³

1.2 To provide the military capability to perform its mission, Army requires a force that is appropriately structured (with the right number, type and grouping of military units, personnel, equipment and facilities), and a force that is prepared. Army preparedness is defined as the ability of Army to deploy appropriately trained and equipped units and individuals, at short notice, and be able to support these units and individuals for the duration of their deployment. These two aspects of preparedness are referred to as readiness and sustainability.

1.3 Army readiness encompasses individual readiness, equipment readiness (availability and condition), and collective training. Individual readiness refers to the ability of individual Army members to be deployed on operations, possibly in a combat environment, at short notice, to perform the job for which they have been trained. The individual readiness of its members influences the speed with which Army can be mobilised and the ability for Army to sustain prolonged operations. Accordingly, the Chief of Army's Preparedness Directive 2008 states that: 'individual readiness is the foundation of collective preparedness'.²⁴ Figure 1.1 shows the components of military

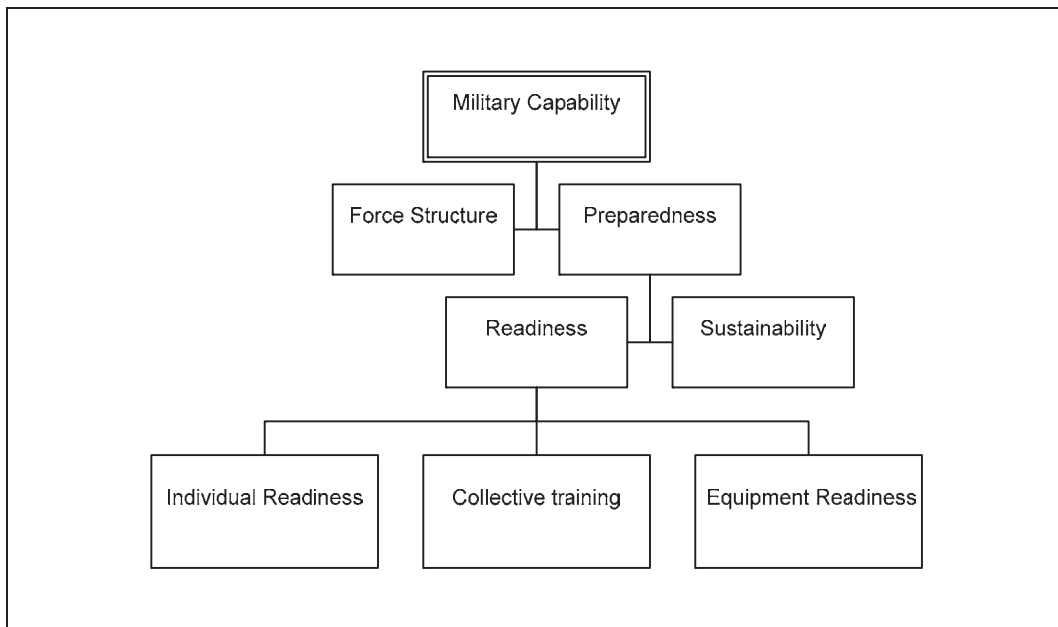
²³ *Defence Annual Report 2008–09*, p. 27.

²⁴ Department of Defence, *Chief of Army's Preparedness Directive*, 2008, p. 5.

capability and illustrates the relationship between individual readiness, Army preparedness and military capability.

Figure 1.1

Components of military capability



Source: Defence advice to ANAO.

1.4 The operational tempo for Army over recent years has been the most demanding it has experienced since 1973. Army also informed the ANAO that, as at May 2010, the number of Army members deployed on operations was 2373, which equates to approximately 6 per cent of the trained force and 13 per cent of the deployable force.²⁵ To sustain these ongoing operations, Army needs sufficient numbers of trained and ready members to rotate or replace these troops and also to fulfil any contingencies that may arise. This requires having a sufficient number of members undertaking both mission-specific training in readiness for imminent deployment and general training, referred to as force generation and preparation.

²⁵ The deployable force excludes Army members posted to Non-Army groups and executive areas, as well as members posted to training establishments. Army also informed the ANAO that, in addition to those personnel deployed, it also maintains a pool of 3082 personnel (as individuals and force elements) at short readiness to respond to global and domestic contingencies.

The Adaptive Army initiative

1.5 A demanding operational tempo is one of several key factors influencing the environment in which Army is operating. Other factors include changes in the character of warfare and in the international security environment, and changes to the culture and organisation of the Australian Defence Force. Until recently, Army was structured around three Functional Commands: Land Command, Training Command and Logistics Command. However, Army identified that this structure was poorly suited to generating and preparing sufficient forces to meet both Army's operational commitment and to fulfil its requirements for contingency planning. To address these deficiencies, in August 2008, the Chief of Army announced that Army would embark on a number of organisational and cultural reforms known as the *Adaptive Army* initiative.

1.6 The initial phase of the Adaptive Army initiative has focused on organisational change. The Army has established a new structure replacing its three Functional Commands with Army Headquarters and three subordinate commands: Forces Command, Special Operations Command and Headquarters 1st Division. For details of Army's new structure, see Appendix 1. It is envisaged that Army's new organisational structure will better enable Army to execute force generation and preparation in a manner that balances its operational commitments and contingency planning requirements.

The Army Individual Readiness Notice

1.7 The Army Individual Readiness Notice (AIRN) was introduced in 1997 in response to the risk Army was facing at the time that it had insufficient numbers of trained soldiers ready to respond to the increasing threat of short-warning conflicts. While it has always been a requirement for individual members of Army to maintain a basic level of individual readiness and be capable of being deployed,²⁶ through the introduction of AIRN the Army sought to codify the requirements of individual readiness into a single Defence

²⁶ The *Defence Act 1903* requires all members of the Australian Regular Army (ARA) to render continuous full time military service and all members of the Army Reserve to render continuous full time military service if they volunteer to do so, or after call out. Call out is a lawful order made by the Governor-General of Australia for a member or members of the Army Reserve to undertake continuous full time service in accordance with section 50D of the *Defence Act 1903*.

Instruction (Army) and provide a systematic way to assess a member's readiness.²⁷

1.8 The AIRN defines a minimum level of readiness, across six components, which every trained Army member (ARA and Reservist) is required to attain and continuously maintain. The purpose of the AIRN as stated in the AIRN Instruction is to: 'maintain a minimum level of individual readiness within Army to ensure that Army personnel are capable of being deployed on operations at short notice.'²⁸

1.9 The six components of the AIRN are: individual availability; employment proficiency; medical fitness; dental fitness; physical fitness; and weapons proficiency. Members are reported as either *Ready* or *Not Ready* in each component. They are required to be regularly reassessed in the dental, medical, physical and weapons components to confirm their continued compliance but are deemed to comply with the individual availability and employment proficiency components unless it is otherwise reported.

1.10 To manage periods where members may not be able to comply with the requirements of the AIRN for reasons beyond their control, the AIRN Instruction includes provisions for members to be granted an overall exemption or a component waiver in one or more components.

1.11 Individual Army members and their commanding officers are each assigned responsibilities under the AIRN Instruction. Individual members are responsible for ensuring they remain AIRN compliant at all times. Commanding officers are responsible for ensuring that members under their command are provided with the time, facilities and resources necessary to comply with the AIRN Instruction. Commanding officers are also responsible for managing members who are not AIRN compliant. It is essential that both individual members and commanding officers fulfil their responsibilities under the AIRN instruction given that compliance with AIRN requirements is fundamental to ensuring the availability of suitably prepared Army members to undertake the individual and collective training required to generate individuals and force elements capable of deployment.

²⁷ The requirements of the AIRN are set out in the Defence Instruction (Army) OPS 80-1, *Army Individual Readiness Notice*, Amendment No.4, 14 December 2008 (see Chapter 2). This instruction is referred to as the 'The AIRN Instruction'.

²⁸ Defence Instruction (Army) OPS 80-1, *Army Individual Readiness Notice*, Amendment No.4, 14 December 2008, p. 1.

The AIRN badge

1.12 As recognition of their achievement, members who are compliant with the requirements of the AIRN Instruction are entitled to wear the AIRN badge. The AIRN badge is in the shape of a silver Steyr rifle and is displayed above the individual's right side breast pocket. Members are reported as *Ready* overall and are entitled to wear the AIRN badge if they either:

- are ready in all six components (see Chapter 1);
- have been granted component waivers for the components they are not ready in (see Chapter 1); or
- have been granted an overall exemption for service reasons (see Chapter 1).²⁹

1.13 Members who have not been compliant with the requirements of the AIRN Instruction for more than 90 days, and members who are exempt from meeting the requirements of the AIRN, including members of the Training Force,³⁰ Standby Reserve, Regional Force Surveillance List,³¹ members confirmed pregnant, members in receipt of a Skills Exemption, and Reservists not rendering effective service, are not entitled to wear the AIRN badge.

Consequences for not being AIRN compliant

1.14 The AIRN Instruction states that members who fail to achieve or maintain AIRN compliance may be subject to administrative or disciplinary action. Where appropriate, this can include a member being required to show cause why their service should not be terminated.

1.15 In March 2000, a Question on Notice in the House of Representatives was asked of the Minister assisting the Minister for Defence regarding how many people had been discharged or advised they were to be discharged from the Army under the AIRN policy. The Minister responded that in the period

²⁹ Service reasons include members deployed on designated operations; members posted or detached overseas for a period of more than 90 days and members absent on leave for a period of more than 90 days.

³⁰ Members who return to the Training Force to transfer Corps remain eligible to wear the AIRN badge if they meet all AIRN requirements other than the requirements for employment proficiency.

³¹ Regional Force Surveillance Units (RFSUs) operate in remote areas of Northern Australia and are responsible for maintaining regionally based situational awareness in their area. Some members of these units cannot meet entry requirements for the Army Reserve but have suitable skills for RFSU tasks, so they are enlisted under special conditions to the Regional Force Surveillance List.

from 9 February 1999 to 13 March 2000, 117 soldiers and 74 officers were discharged from the Army under the AIRN policy. In addition to this, one soldier and 39 officers were advised of discharge under the policy.^{32 33}

1.16 Defence figures indicated that from January 2005 to September 2009 only one Army member had been discharged from the Army under the AIRN policy. However, in the same period, a further 1668 members had been discharged or issued a termination notice from the Army for failing to comply with the requirements of an AIRN component, under Army instructions other than the AIRN Instruction.

1.17 Army has separate instructions for discharging soldiers and officers. For soldiers, Defence Instruction (Army) PERS 116–5 (Amendment 3), *Separation of Regular Army soldiers, Army Reserve soldiers and soldiers on full-time service – policy and procedures* is used. This instruction contains a clause which allows for a soldier to be discharged if their retention is deemed to not be in the best interests of the ADF, including involvement with drugs, being convicted of a criminal offence, as well as AIRN related reasons such as poor job performance or failing a Basic Fitness Assessment.³⁴ This instruction also sets out the medical separation procedures for soldiers. For officers, Defence Instruction (Army) PERS 47–10, *Resignation, Retirement and Termination of Service—Officers* is used. This instruction contains a clause which allows for an officer to be discharged if he/she is unable to comply with the requirements of the AIRN for reasons within their control; it also contains procedures for the termination of officers on medical grounds.

1.18 Table 1.1 outlines the numbers of members that have been discharged or issued a termination notice for failure to comply with an AIRN component, but have been discharged under an instruction other than the AIRN Instruction.

³² House Notice Paper No.107 09/05/00 Questions on Notice, 13 March 2000.

³³ It is unclear as to whether this number includes Army Reservists.

³⁴ Members are required to pass a Basic Fitness Assessment to comply with the requirements of the physical fitness component of the AIRN (see paragraph 3.32).

Table 1.1**Discharges under policies related to AIRN components.**

Year	Failure to pass a Basic Fitness Assessment	Poor job performance	Discharged on medical grounds
2005	4	0	174
2006	7	2	403
2007	5	2	442
2008	4	2	298
2009 ^{A,B}	3	1	297
2010 ^B			24

Notes: (A) Figures to September 2009. Army informed the ANAO in May 2010 that, as at 31 December 2009, 316 Army members had been discharged on medical grounds.

(B) Includes members who had been issued with a termination notice as of September 2009 and Army expected to discharge in either 2009 or 2010 but whose discharge or medical board decisions were most likely under appeal.

Source: Defence advice to ANAO.

1.19 Some brigades and units have put in place their own consequences for members who are not AIRN compliant. Some units would not grant brigade short leave or annual leave to members who were not AIRN compliant for reasons within their control. And the Commanding Officer of one Reserve unit interviewed by the ANAO for this audit directed that Reservists who were not AIRN compliant for reasons within their control, were not to parade unless they were training for, or completing, an AIRN activity.

Recording of AIRN compliance

1.20 Army uses Defence's electronic personnel management information system, PMKeyS, to record and report information about the AIRN.³⁵ PMKeyS enables Army to establish an AIRN record for each member of Army, and use this record to:

- store the outcomes of the member's AIRN component reviews;
- determine when the member is next due to be reviewed in a component, or whether he/she is overdue for a review; and

³⁵ The Personnel Management Key Solution (PMKeyS) system is used by Defence for storing and managing the personnel records for all military and civilian staff.

- hold details of any component waivers or overall exemptions issued to the member.

1.21 PMKeyS enables individual AIRN records to be aggregated to provide information on AIRN compliance levels within different Army groups and formations, including the Army as a whole. The AIRN Instruction envisaged that this collective information would be used by Army Headquarters for operational planning and reporting Army's level of preparedness. In practice, AIRN data is mostly used by unit and sub-unit commanding officers to understand and monitor the readiness status of the members under their command and is not used by Army Headquarters (see Chapter 4).

1.22 To report on and analyse the individual readiness status of members within any group or formation within Army, a summary of the required AIRN records are downloaded from PMKeyS into a standard AIRN reporting template in a spreadsheet application. All units visited during audit fieldwork had access to this standard AIRN reporting tool. The ANAO noted during fieldwork that administrative staff from 1 Brigade in Darwin were in the process of developing a new AIRN reporting tool, the *Brigade Reporting Tool* that would provide improved analysis of AIRN data (see paragraph 4.37).

Previous ANAO audit coverage

1.23 The ANAO first audited the AIRN system in 1999-2000, tabling Audit Report No.26 1999–2000, *Army Individual Readiness Notice* in January 2000. In that audit report, the ANAO concluded that there was scope for improving both the effectiveness of the AIRN in achieving its objective and the efficiency with which it was administered. The audit made eight recommendations aimed at achieving this.³⁶

1.24 In particular, the ANAO questioned whether compliance with the AIRN requirements provided a reliable indicator of an individual's readiness to deploy on operations at 'short notice'. At the time that audit was undertaken in 1999 'short notice' was defined by Army as 30 days.³⁷ The audit found no relationship between the minimum standards set for AIRN and the ability to

³⁶ See Appendix 2 for the details of these recommendations.

³⁷ With the release of the amended version of the AIRN policy in 2004, short notice was changed to 28 days or less. In the latest version of the AIRN policy, *Defence Instruction (Army) OPS 80-1 (Amendment 4) Army Individual Readiness Notice* released in December 2008 short notice is not defined (see paragraphs 2.9–2.11).

be at a deployable standard within 30 days. The audit also found that it was time consuming for Army units to enter data on each member's AIRN compliance into the reporting and recording system, and that the reports available from the system lacked timeliness and needed to be manually adjusted. Furthermore, at that time, the AIRN required unit commanders to complete an annual Individual Readiness Report for each member under their command. The audit found that this focus on an annual reporting date did not encourage members to maintain a continuous level of individual readiness.³⁸

1.25 The ANAO conducted a follow-up audit of the AIRN, tabling Audit Report No.45 2003–04, *Army Individual Readiness Notice Follow-up Audit* in April 2004. This second audit concluded that Army had made considerable progress towards implementing the eight recommendations of the previous audit, but that data integrity issues still existed in the AIRN reporting and recording system, compromising its usefulness. The audit made one recommendation in relation to addressing this finding (paragraphs 4.32 to 4.38 of this report comment on this issue).³⁹

Audit objective and criteria

1.26 The objective of this audit was to examine whether Army effectively administers the Army Individual Readiness Notice (AIRN) to support the achievement of its purpose.

1.27 The audit examined how Army administers the AIRN, giving particular consideration to how Army collects, monitors and reports on AIRN data. The audit also compared the implementation of the AIRN across a sample of Army units, facilities and services.

1.28 The high level audit criteria used to assess the administrative effectiveness of the AIRN included whether:

- Army regularly reviews the AIRN to ensure it continues to fit within Army's structure and operating environment;
- the purpose of the AIRN is clear and the mechanisms of the AIRN support its purpose;

³⁸ The parliamentary Joint Committee of Public Accounts and Audit (JCPAA) reviewed the findings of the 1999–2000 ANAO audit during a public hearing in October 2000.

³⁹ For details on this recommendation, see Appendix 2.

- the systems and processes for recording, storing and reviewing AIRN data in PMKeyS ensure that the data is accurate, timely and complete;
- that the roles, responsibilities and requirements of the AIRN are well understood and consistently applied across Army;
- that appropriate and adequate resources have been allocated for the administration of the AIRN;
- performance targets for the number of personnel who are AIRN compliant within Army are appropriate and achievable and levels of AIRN compliance are regularly reported to Army's senior commanders; and
- Army uses appropriate cost information to inform decision making for AIRN.

1.29 Audit fieldwork was conducted in the period July 2009 to November 2009. During fieldwork the audit team met with personnel in relevant areas within Army Headquarters, as well as Forces Command Headquarters and Headquarters 1st Division. The audit team also visited several Army units located in Brisbane, Townsville, Darwin, and Sydney.

1.30 The audit was conducted in accordance with ANAO auditing standards at a cost to the ANAO of approximately \$390 000. The ANAO engaged Pat Farrelly & Associates Pty Ltd to provide general assistance to the audit.

Report structure

1.31 The remainder of this report is structured into three chapters:

- Chapter 2 discusses the AIRN Instruction. It considers whether Army regularly reviews the instruction and whether the purpose of the AIRN is clear and appropriate for use.
- Chapter 3 discusses the six components of the AIRN. The chapter analyses the level of compliance for the whole of Army against each AIRN component and discusses operational factors influencing the levels of compliance reported. This chapter finishes with a discussion about whether Army uses appropriate cost information to inform decisions about making changes to the AIRN.
- Chapter 4 discusses AIRN component waivers and overall exemptions. In particular, it examines the effectiveness and consistency of Army's

administration of component waivers and overall exemptions. This chapter also discusses the systems and processes used for recording and reviewing AIRN data and examines whether these systems and processes ensure that AIRN data is accurate, timely and complete. It finishes with a discussion of the strategic reporting and use of AIRN data, including the use of performance targets.

2. AIRN Policy

This chapter discusses the AIRN Instruction and considers whether Army regularly reviews the instruction to ensure that AIRN policy continues to fit appropriately within Army's structure and operating environment. In particular, the chapter considers whether the purpose of the AIRN, as stated in the AIRN Instruction, is clear and appropriate for use.

The AIRN Instruction

2.1 The broader Defence requirements for individual readiness are set out in the Defence Instruction (General) PERS B/1/2005 *Australian Defence Force policy on individual readiness*. This instruction establishes the guidelines that are used within the ADF as the basis for each service's individual readiness procedures. The requirements for the operation of the AIRN are set out in the Defence Instruction (Army) OPS 80–1 *Army Individual Readiness Notice* (the AIRN Instruction).⁴⁰

2.2 The requirements of the AIRN Instruction apply to all Australian Regular Army (ARA) members and Reservists (except members of the Standby Reserve)⁴¹ who have completed their initial Corps or trade-specific training.⁴² Members of the Training Force are exempt from meeting the requirements of the AIRN Instruction.⁴³

2.3 Since the introduction of the AIRN in 1997 the structure of Army has changed, most recently through the implementation of the Adaptive Army initiative, and the nature and tempo of Army's operations have also changed

⁴⁰ Section 9A of the *Defence Act 1903* gives the three Service Chiefs the power to administer their arm of the Defence Force by issuing Defence Instructions. These instructions are not required to be tabled in Parliament.

⁴¹ The Standby Reserve is a pool of trained Reservists with prior Army experience in the ARA or Army Reserve. Members of the Standby Reserve have no training liability and are not required to be AIRN compliant as they are only required to render military service after call-out.

⁴² Initial Corps or trade-specific training is undertaken in an Army training establishment and teaches the Army member the job within the Corps or trade they have enlisted into. For soldiers this training is referred to as their Initial Employment Training (IET) and trade training. For officers this training consists of their initial officer training and, upon successful completion of this, either the Regimental Officers' Basic Course (ROBC) or Logistic Officers' Basic Course (LOBC) or Specialist Service Officers' Course.

⁴³ The Training Force is comprised of soldiers who are undertaking their Initial Employment Training and trade training, and officers who are undertaking their initial officer training or their regimental, logistics or specialist service officers' course. Members who transfer Corps or trades after a period in the trained force return to the Training Force while they learn the technical skills of their new Corps or trade.

significantly. But the key principles of the AIRN Instruction have remained largely unchanged. In 1997 the Army did not have the number of personnel on overseas deployments that it does today, and the operations were generally of a peacekeeping nature.⁴⁴ Today, Army's operations are at their highest level since 1973 and Army is involved in more warfighting operations.⁴⁵

Reviewing the AIRN Instruction

2.4 Army Headquarters is responsible for reviewing the AIRN Instruction and for interpreting AIRN policy. Army Headquarters has reviewed the AIRN Instruction four times since its inception. The details of the changes made to the instruction as a result of these reviews are described in Appendix 3.

2.5 Army Headquarters most recently reviewed and revised the AIRN Instruction in December 2008. The ANAO sought evidence from Army of the rationale and analysis underlying changes made to the instruction. Army advised the ANAO that there were limited records available of the analysis or work undertaken leading up to the amendments made to the instruction in December 2008.

2.6 By comparing the 2008 version of the AIRN Instruction with the 2006 version, it is apparent that the following principal changes were made:

- the definition of short notice was removed (see paragraph 2.10);
- additional guidance was included on managing the assessment of trainees' physical fitness, managing below baseline performance of Army members in the physical fitness component, and the application of the AIRN policy in the case of pregnant members; and
- Annex I of the instruction, which relates to overall exemptions and component waivers, was amended such that where the Army is taking action against Reserve members rendering non-effective service, these Reservists are exempt from meeting the requirements of the AIRN Instruction (see paragraphs 4.18–4.21).

2.7 While there may have been sound arguments for these changes, it is good practice to retain records of the analysis or research on which the changes

⁴⁴ Defence Annual Report 1997–98, pp. 62–64.

⁴⁵ Defence Annual Report 2007–08, p. 66.

were justified.⁴⁶ The ANAO would encourage Army Headquarters to put in place improved record keeping arrangements to ensure that all key papers are retained and able to be easily accessed.

2.8 Noting that the Chief of Army launched the Adaptive Army initiative in August 2008, it does not appear that during this recent review of the AIRN Instruction Army considered the strategic issues of whether the AIRN policy would continue to fit appropriately within Army's changing organisational structure and operating environment. The following discussion identifies several key areas where consideration of the strategic alignment between the AIRN and Army's current practice would benefit from review.

Purpose of the AIRN

2.9 The purpose of the AIRN as stated in the AIRN Instruction is: 'to maintain a minimum level of [individual readiness] within Army to ensure that Army personnel are capable of being deployed at short notice.'⁴⁷ This stated purpose has not changed since the policy's inception in 1997.

2.10 A noticeable change to the 2008 version of the AIRN Instruction, when compared with the 2006 version, is the removal of a definition of short notice. The 2006 version required members to be capable of being deployed at short notice, which was specified as 28 days. The 2008 version now simply refers to members being 'capable of being deployed on operations at short notice', but no definition of short notice is included.

2.11 Removing the definition of short notice fits with other comments made to the audit team throughout the audit that suggested that in practical terms the AIRN is seen as providing a baseline of individual readiness and a common start point for members entering pre-deployment training. The purpose of the AIRN that is acknowledged by Army members more closely reflects wording in the Introduction to the instruction which indicates that 'AIRN complements pre-deployment training ... by providing a common start point [for members entering pre-deployment training].' Nonetheless, in the normal course of events, compliance with AIRN requirements remains

⁴⁶ Department of the Prime Minister and Cabinet, and the Australian National Audit Office, Better Practice Guide, *Implementation of Programme and Policy Initiatives*, October 2006, p.10, encourages agencies to 'keep records of key decisions made and the basis of those decisions.'

⁴⁷ Defence Instruction (Army) OPS 80-1 *Army Individual Readiness Notice*, Amendment 4, 14 December 2008, p. 1.

fundamental to ensuring the availability of suitably prepared Army members to undertake the enhanced individual and collective training required to generate individuals and force elements capable of deployment.

The use of AIRN in preparing members for deployment

2.12 A key benefit of using the AIRN as a common start point for members commencing pre-deployment training is that it allows members to focus on their mission specific training in preparation for an imminent deployment. However, not all members are AIRN compliant before commencing pre-deployment training.

2.13 Some units visited by the ANAO during fieldwork for this audit advised that a member would only be selected for pre-deployment training if they were AIRN compliant. Other units informed the ANAO that the skill or trade of the member was a more important factor when selecting members for deployment. In these units, if a member was not AIRN compliant but was deemed to be able to meet the AIRN requirements, they would still be selected for pre-deployment training and the unit would ensure they were AIRN compliant before they deployed.

2.14 While conducting the audit, the ANAO became aware of a number of proposed changes related to the management of Army preparedness and deployments which will affect the ongoing management of the AIRN. Some of these changes are addressed in a new directive released by Army in February 2010 that specifically addresses the management of Army members deploying on operations. Other changes are addressed in the Chief of Army's Preparedness Directive (endorsed on 4 March 2010), which has now replaced the Chief of Army's Capability Directive 2006-07 that was in place during fieldwork for this audit (see paragraphs 2.20 to 2.23).

Chief of Army Directive 49/09 Management of Army Personnel Deploying on Operations

2.15 The new Chief of Army Directive 49/09 *Management of Army Personnel Deploying on Operations* addresses pre-deployment, deployment and demounting. In this directive, the Chief of Army indicates that the natural tendency to concentrate on pre-deployment actions is to be avoided. That is, Army members should not be using the pre-deployment training period as a time to address outstanding individual readiness and personal administrative matters that need to be finalised before deploying. A key requirement of this directive is for units to be appropriately prepared before they arrive for

pre-deployment training, so that they can focus on mission specific training, and other pre-deployment tasks, that cannot be completed in the normal unit setting.

2.16 The directive prescribes that commanders will be required to ensure that all members under their command arrive for pre-deployment training with as much of their individual readiness and personal administration that is within a unit's control up to date. The first matter on the list of nine actions for commanders to address is AIRN compliance. Accordingly, ensuring full AIRN compliance before a unit commences pre-deployment training is to be a priority.

Use of the AIRN by Special Operations Command: an example of deployment at short notice

2.17 The application of the AIRN in Special Operations Command highlights the actual role played by the AIRN in preparing members to deploy at short notice. Special Operations Command members can, in some circumstances, be required to deploy within extremely short timeframes (much less than the 28 days specified in the previous version of the AIRN Instruction as constituting 'short notice'). Special Operations Command demands higher physical and medical fitness, and weapons proficiency standards of its members than those stipulated in the AIRN Instruction. The AIRN is essentially used by Special Operations Command as an indicator of a member's commitment to individual readiness and their suitability to be in the Special Forces. If a member has been unable to maintain a baseline standard of individual readiness prior to applying to join the Special Forces, or struggles to maintain their AIRN compliance while in the Special Forces, then their ability and commitment to maintain a higher readiness standard is questioned.⁴⁸

2.18 During fieldwork for this audit, Special Operations Command informed the ANAO that, given the higher physical fitness and weapons proficiency standards members of the Special Operations Command are required to meet, complying with the requirements of the physical and weapons components of the AIRN was regarded as more of an administrative activity. Commandoes must pass a Commando Annual Fitness Test (CAFT)

⁴⁸ One Special Operations unit informed the ANAO that they were considering docking members short notice allowance if they were not AIRN compliant for reasons within their control. The short notice allowance compensates members for the unique demands placed on them when they are required to be available to be deployed at short notice.

once a year and within six weeks of a planned deployment. Part of the CAFT is made up of similar elements as the AIRN's Basic Fitness Assessment but must be completed wearing 10 kilograms of equipment and in a shorter time limit than that prescribed for the AIRN Basic Fitness Assessment.⁴⁹ Failure to pass a CAFT may affect a member's short notice allowance. Special Forces members regularly shoot a weapon to a standard higher than that required by the AIRN weapons proficiency test. However, during fieldwork the ANAO was informed that Special Forces members can forget to ask for the results of one of these exercises to be recorded for AIRN purposes, so they can become non-compliant in the AIRN weapons component despite being able to clearly meet the requirements.

2.19 Information relating to a member's readiness status in each AIRN component is stored within numerous paper-based files and in most instances is entered manually into PMKeyS by the administrative staff of the member's unit (see paragraph 4.29). This manual system does not fit with the high operational tempo, short notice to move readiness culture of Special Operations units. Special Forces members must still be AIRN compliant in order to deploy, but many of them can be required to deploy within extremely short timeframes (which can be within hours). If a Special Forces member is due for and undertakes a review in one of their AIRN components, it may take several days for this information to be entered into PMKeyS. In the meantime, the member may be called up for deployment with their AIRN record reporting they are *Not Ready*.

Chief of Army's Capability/Preparedness Directive

2.20 At the time of audit fieldwork in 2009, the Chief of Army's Capability Directive 2006-07 was the current capability directive. Much of the contextual background described in the 2006-07 directive has been since surpassed by the Adaptive Army Initiative and the Defence White Paper 2009.⁵⁰ In relation to AIRN the 2006-07 directive states:

Individual readiness is the foundation of collective preparedness. Accordingly, I expect all commanders to ensure their personnel are afforded the

⁴⁹ The CAFT consists of: pushups, sit ups, chin ups, a 2.4 kilometre run with 10 kilograms of equipment, a run/dodge/jump course with 10 kilograms of equipment, 500 metre swim fully clothed with shoes, and a 15 kilometre march with 31 kilograms of equipment. The CAFT is to be completed over 12 hours.

⁵⁰ Defence released the Defence White Paper 2009, *Defending Australia in the Asia Pacific Century: Force 2030* in May 2009.

opportunity and resources necessary to maintain AIRN compliance. I also encourage commanders of units held at a readiness notice of 28 days or less to develop higher standards of individual readiness for personnel with their unit ...

2.21 During fieldwork for this audit, the ANAO was provided with a draft of a new Preparedness Directive and advised that this could potentially be endorsed in early 2010.⁵¹ The draft Preparedness Directive stated:

Individual readiness is the foundation of collective preparedness. Accordingly, I expect all commanders to ensure their personnel are afforded the opportunity and resources necessary to maintain AIRN compliance. With the exception of Ready Battle Group members, personnel who have returned from operations are to attain compliance within six months of their return to Australia following operations. This is designed to allow personnel to achieve AIRN compliance in the Reconstitution period after operations, and prior to the commencement of collective training.

2.22 Under current AIRN policy, members who are deployed are exempt from having to comply with AIRN for the period they are deployed on designated operations (see paragraph 4.4). The statement related to AIRN in the draft Preparedness Directive appeared to recognise that following their return from operations there is a further period when AIRN does not need to be a particular focus. Under the current AIRN Instruction, members returning from a period of exemption (such as on return from deployment) are required to regain their *Ready* status within 90 days of returning to duty. The draft Preparedness Directive suggested that members would in future be given six months after returning to Australia from operations to once again attain AIRN compliance.

2.23 The final version of the Preparedness Directive endorsed by the Chief of Army on 4 March 2010 does not specifically discuss AIRN in the terms set out in the quote from the draft Preparedness Directive included in paragraph 2.21. However, in response to Recommendation No. 1 of this report (see paragraphs 2.25-2.26), Defence advised the ANAO that it will, through VCDF, examine the AIRN Instruction as part of a broader, tri-service review of individual readiness requirements which will ensure that contemporary

⁵¹ Defence advised the ANAO that the final version of this new Preparedness Directive was endorsed on 4 March 2010 and it supersedes the 2006–07 Capability Directive.

readiness practices are fully captured and include analysis of the stated purpose of AIRN.

Duty of care requirements

2.24 The AIRN Instruction states that: 'AIRN ... addresses Army's duty-of-care commitment by prescribing the minimum individual readiness standard to be achieved by Army personnel'.⁵² Duty of care is a broad principle that is applied in occupational health and safety arrangements for employers and employees. This term does not have a clear definition in the context that it is used in the AIRN Instruction. Accordingly, its use in the AIRN Instruction would benefit from review to clarify its intended meaning in this context. As currently presented, there is a risk that a reader may give AIRN compliance a higher priority than is warranted. Army has a duty of care to its members in all matters that they undertake, whether they are deployed, in training or resting. In the case of Army members on deployment, there is a full range of training, equipment, leadership, facilities, services and support that Army employs to meet its duty of care.

Recommendation No.1

2.25 The ANAO recommends that Defence reviews the AIRN Instruction to consider whether the purpose of the AIRN as currently set out in the instruction accurately reflects its role, as a basic individual readiness requirement for Army members which can be readily built upon to prepare individuals and force elements for deployment.

Defence response

2.26 *Agreed.* Defence, through VCDF, will examine the AIRN Instruction as part of a broader, tri-service review of individual readiness requirements. This will ensure that contemporary readiness practices are fully captured and include analysis of the accuracy of the stated purpose of AIRN. It remains Army's view that AIRN is a foundation upon which further collective level training is applied to achieve a higher readiness and/or deployable capability.

⁵² Defence Instruction (Army) OPS 80-1 *Army Individual Readiness Notice*, Amendment 4, 14 December 2008, p. 1.

3. Compliance with AIRN components

This chapter discusses the six components of the AIRN. The chapter analyses the level of compliance for the whole of Army against each AIRN component and discusses factors influencing the levels of compliance reported. This chapter finishes with a discussion about whether Army uses appropriate cost information to inform decisions about making changes to the AIRN.

Complying with the AIRN

3.1 The six components of the AIRN are individual availability, dental fitness, employment proficiency, medical fitness, physical fitness and weapons proficiency.

3.2 Army members are assessed as either *Ready* or *Not Ready* in each component. They are required to be regularly reassessed to confirm their continued compliance with the requirements of the dental, medical, physical and weapons components but are deemed to comply with the individual availability and employment proficiency components unless it is otherwise reported. Members who have not been assessed in a component, or are overdue for reassessment, are reported as *Not Ready* in that component. And members who have been granted a component waiver at the discretion of their commanding officer, acknowledging their temporary inability to meet the requirements of a particular component, are reported as *Ready* in that component (see paragraphs 4.22–4.24).

3.3 An Army member is deemed to comply with the AIRN Instruction and is reported on PMKeyS as having an overall readiness status of *Ready* if they:

- meet the requirements of all six components and are not overdue for a review in the dental, medical, physical or weapons components;
- have been granted component waivers for all components they are not ready in (see paragraphs 4.22–4.28); or
- have been granted an overall exemption (see paragraphs 4.4–4.17).

3.4 The AIRN Instruction assigns individual Army members with the responsibility of ensuring they remain AIRN compliant at all times and commanding officers with the responsibility of ensuring that the members under their command are provided with the time, facilities and resources necessary to comply with the AIRN Instruction.

AIRN compliance on 30 September 2009

3.5 A brief to the Chief of Army, dated 26 October 2009, advised that 59.0 per cent of Army's trained force was individually *Ready* and 41.0 per cent was *Not Ready* on 30 September 2009. This calculation did not take into account all members of the trained force as it excluded 3246 fully trained members who were exempt from meeting the requirements of the AIRN on that day (see paragraphs 4.10–4.12).⁵³ With these members included, to consider the total population of the trained force, 53.6 per cent of the trained force met the AIRN requirements to be assessed as *Ready*, 37.2 per cent was *Not Ready* and 9.2 per cent was exempt (with more than half of exempt personnel actually deployed on operations at the time – see Table 3.1).

3.6 Army advised the ANAO, in May 2010, as follows:

AIRN has moved on from the original intent given the current level of collective operational deployment. As a result, the policy and detailed requirements fail to accurately reflect the actual level of Army readiness. Army, as part of a broader tri-service review of individual readiness, has commenced an assessment of the policy around readiness assessment with a view to capturing more completely the true level of readiness.

Table 3.1

Overall AIRN compliance for whole of Army on 30 September 2009

Overall readiness status	Number of Army members	Percentage of Trained Force
Ready	18 940	53.6
Not Ready	13 147	37.2
Exempt	3246	9.2
Total	35 333	100.0

Source: ANAO analysis of AIRN data in PMKeyS for 30 September 2009.

⁵³ Significantly, most of these members (58.7 per cent) were exempt because they were deployed on operations. The remaining members were exempt for a range of other reasons including being: a member confirmed pregnant; a Reservist rendering non-effective service; a member of the Standby Reserve; a member of the Regional Force Surveillance List; or a member in receipt of a critical skills exemption.

3.7 Army further analysed the AIRN data for 30 September 2009, using its standard AIRN reporting tool,⁵⁴ and identified the number of members *Ready*, *waivered* and *Not Ready* in each AIRN component (see Table 3.2).

Table 3.2

Army’s analysis of AIRN component data for the trained force on 30 September 2009

AIRN Component	Ready	Waivered (Ready)	Not Ready	Percentage Ready reported by Army	Percentage Ready of Trained Force
Availability	30 757	16	1314	95.90	87.09
Dental	27 047	201	4839	84.92	77.11
Employment	30 848	38	1201	96.26	87.41
Medical	26 794	268	5025	84.34	76.59
Physical	24 564	245	7278	77.32	70.21
Weapons	26 019	219	5849	81.77	74.25

Note: The percentage *Ready* reported by Army column excludes the 3246 members of Army’s trained force who were exempt from meeting the requirements of the AIRN on 30 September 2009. The final column of this Table includes these members to report the percentage *Ready* of the Trained Force.

Source: Brief to Chief of Army, dated 26 October 2009.

3.8 This analysis reveals that there were some members reported as *Not Ready* in more than one component,⁵⁵ and that members had the most trouble in complying with the physical and weapons components.⁵⁶ However, the analysis provides no insight as to the reasons why members reported as *Not Ready* in each component. In particular the analysis makes no distinction between:

- members who were reported as *Not Ready* in a component because they failed to meet the requirements of the component, and members who

⁵⁴ Army’s standard AIRN reporting tool involves downloading AIRN records required for analysis from PMKeyS into a spreadsheet application.

⁵⁵ The sum of the number of members reporting as *Not Ready* in each component on 30 September 2009 was 25 506 members (total of the *Not Ready* column). There were 13 147 members reporting as *Not Ready* on that day (see Table 3.1). Therefore some members reporting *Not Ready* overall were reporting as *Not Ready* in more than one component.

⁵⁶ Of all the AIRN components, the weapons and physical components had the lowest percentages of members reporting as *Ready* on 30 September 2009.

were reported as *Not Ready* because they had failed to undertake a review before their review date expired (see paragraphs 3.9–3.10); and

- members who failed to meet the requirements of a component for reasons beyond their control and members who failed to meet the requirements of a component for reasons within their control.

Component review periods

3.9 For the dental, medical, physical and weapons components, in which members are required to be regularly reassessed, PMKeyS automatically generates the date by which a member is to have been reassessed for the particular component based on the date the member was last assessed and enters it into the review date field. In accordance with the AIRN Instruction the review period for these components are set at:

- six months for the physical fitness and weapons proficiency components;
- 12 months for the medical fitness component; and
- 12 months for ARA members, and five years for Reservists, for the dental fitness component.

3.10 Review dates can be manually adjusted by an operator, or overridden with information from the Health Key Solution (HealthKEYS) health information management system to be either longer or shorter than the date automatically generated by PMKeyS.⁵⁷ Army informed the ANAO that this ability to adjust review dates provides flexibility when managing the individual circumstances of a member that do not fit into the AIRN system of review.⁵⁸ However, PMKeyS will report a member's readiness level in these components as *Not Ready* if a member has not undertaken a review before midnight of whichever occurs first, either the:

- review date as reported in PMKeyS; or

⁵⁷ HealthKEYS is a health information management system used by some Army dental and medical facilities to store members' medical and dental records.

⁵⁸ Examples of such circumstances given by Army were:

- a member requiring a medical review prior to the 12 month review period for the medical fitness component because the member's medical condition had deteriorated or the member had sustained an injury; and
- a member requiring dental treatment that would take more than 12 months to complete.

- date automatically generated by PMKeyS that corresponds to the review period specified in the AIRN Instruction.

3.11 As such, PMKeyS does not allow a member to continue to be reported as *Ready* in a component if they have not had a review within the time period specified in the AIRN Instruction even if their individual review date has been adjusted for an approved reason.⁵⁹ This is despite PMKeyS allowing an operator to manually adjust a review date, or for it to be overridden with information from HealthKEYS, to be longer than the review period specified in the AIRN Instruction. It was not clear why this occurs and it can result in a member being reported as *Not Ready* when in fact the amended date by which they are required to be assessed in a particular component is still in the future.

Analysis of AIRN compliance on 30 September 2009

3.12 To gain a greater understanding of the factors influencing the levels of AIRN compliance within Army, the ANAO analysed the AIRN data in PMKeyS for 30 September 2009 and used this analysis to inform consideration of:

- the effectiveness of the mechanisms for assessing and reporting compliance with each component, including the frequency of component reviews and the effectiveness of the reviews in assessing readiness in a component;
- whether responsibilities assigned to individual Army members and their commanding officers under the AIRN Instruction were appropriately exercised; and
- whether Army had allocated appropriate and adequate resources to support the AIRN policy.

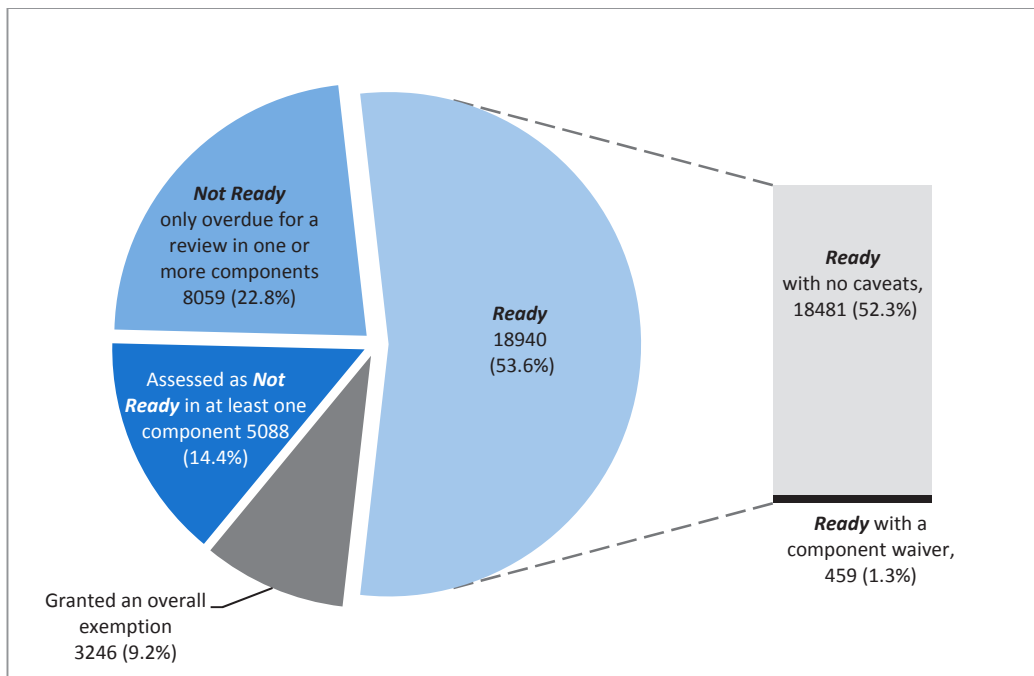
3.13 The ANAO calculated that 22.8 per cent of Army's trained force was *Not Ready* on 30 September 2009 only because these members were overdue for a review in one or more components. The remaining 14.4 per cent of members who were *Not Ready* on this date had been assessed as *Not Ready* in at least one

⁵⁹ For example, if a member attended their Annual Health Assessment on 1 August 2008, PMKeyS would have automatically entered 1 August 2009 into the review date field of the member's medical fitness AIRN record. If this date was either manually adjusted by an operator or overwritten with information from HealthKEYS to be later than 1 August 2009, PMKeyS would still have reported the member as *Not Ready* in the medical component on 2 August 2009 regardless of the later review date if the member had not attended a medical examination before midnight of 1 August 2009.

component (see Figure 3.1). With such a large number of Army members not adhering to the testing requirements of the AIRN Instruction, the effectiveness of the AIRN system to provide an accurate indication of individual readiness across different Army groups and formations, including Army as a whole, is undermined and the usefulness of the conclusions that can be drawn from such reporting is compromised. As discussed in paragraphs 26 and 3.6, Army as part of a broader tri-service review of individual readiness, has commenced an assessment of the policy around readiness assessment with a view to capturing more completely the true level of readiness.

Figure 3.1

ANAO analysis of AIRN compliance on 30 September 2009

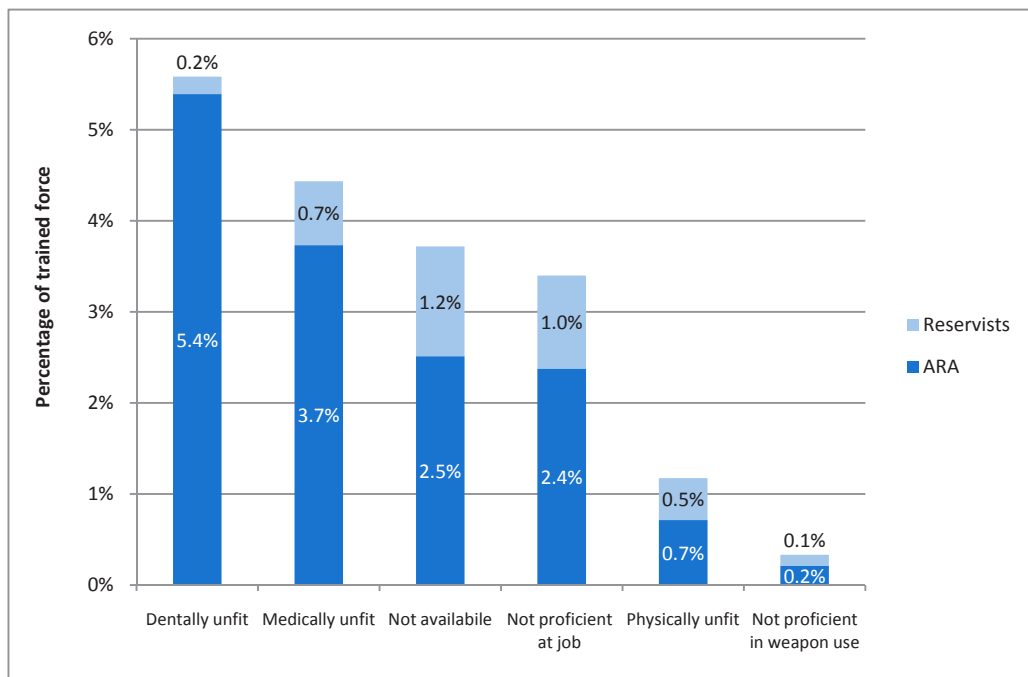


Source: ANAO analysis of AIRN data in PMKeyS for 30 September 2009.

3.14 Of the members who had been assessed as *Not Ready* in at least one component on 30 September 2009 (14.4 per cent of Army's trained force), the largest proportion had been assessed as *Not Ready* in the dental component. This was closely followed by the proportion of members who had been assessed as *Not Ready* in the medical component (see Figure 3.2). For further discussion of medical and dental components see paragraphs 3.25–3.31 and 3.40–3.60 respectively.

Figure 3.2

Percentage of the trained force assessed as *Not Ready* in each component



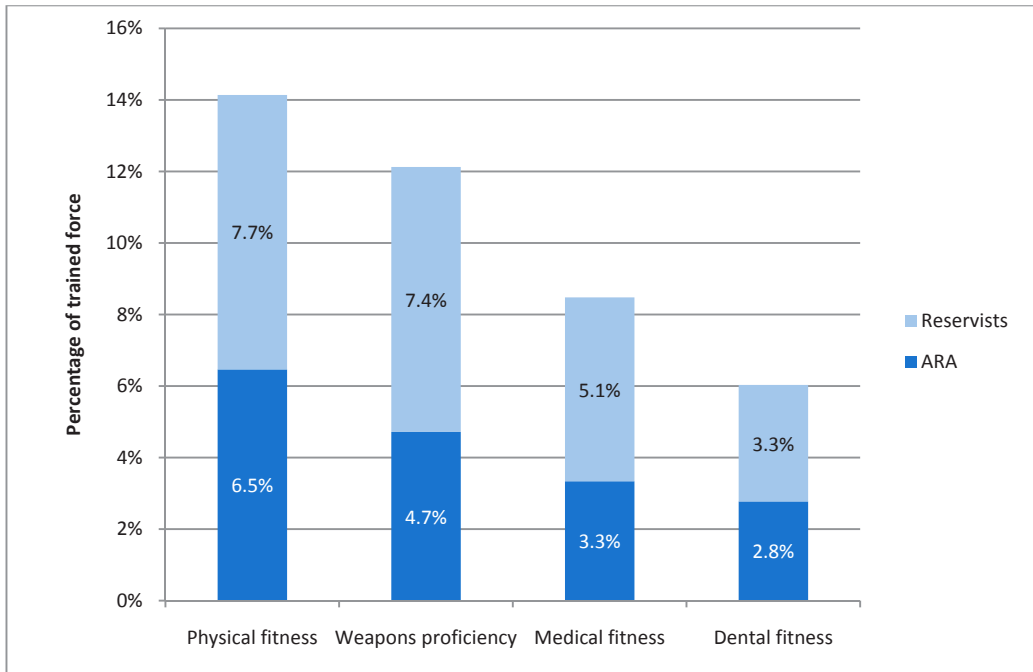
Source: ANAO analysis of AIRN data in PMKeyS for 30 September 2009.

Note: The members assessed as physically unfit or not proficient in the use of a weapon did not have an apparent medical reason to explain their failure (see paragraphs 3.33 and 3.37).

3.15 Of the members who were reported as *Not Ready* on 30 September 2009 only because they were overdue for a review in one or more components (22.8 per cent of Army’s trained force), more than half were overdue for reviews in the physical component and the weapons component (see Figure 3.3).

Figure 3.3

For those members who were only overdue for a review in one or more components, analysis of which AIRN components these members were overdue in



Source: ANAO analysis of AIRN data in PMKeyS for 30 September 2009.

Scheduling component reviews

3.16 Most Army units visited during the fieldwork reported to the ANAO that the frequency of the requirement for members to be reassessed every six months in the physical fitness and weapons proficiency components made it difficult for members to continuously maintain their compliance in these components. Furthermore, assessment of compliance with these components is usually undertaken as a group activity, and within units the assessments are usually organised by a unit's commanding officer. In effect, this transfers responsibility for meeting the testing frequency requirements of these components from the individual members back on to their commanding officer.

3.17 The longer review periods for the medical and dental components make it easier for members to maintain their compliance in these components. As shown in Figure 3.3, half the number of ARA members were overdue for their annual review in the dental and medical components compared with the

physical component, and fewer Reservists were overdue for their five yearly dental examination compared with their annual medical assessment.

3.18 Some Army units visited by the ANAO reported that members could only undertake AIRN component reviews when they were spending time at their base where they had access to the dental, medical and Weapons Training Simulation System (WTSS) facilities. Army units, particularly those involved in soldiering activities, can spend extended periods of time training away from their base. For example, during June and July 2009, a number of Army units were involved in the Defence and Army training exercises, Exercise Diamond Dollar and Exercise Talisman Saber 2009.⁶⁰ Involvement in such exercises made it difficult for the members of these units to maintain their AIRN compliance, contributing to the proportion of members overdue for component reviews. The units visited by the ANAO who had been involved in these exercises informed the ANAO that, due to this involvement, the Commanding Officer accepted that members had difficulty scheduling and undertaking AIRN component reviews.

Compliance with each AIRN component

3.19 The following section details the specific requirements for each AIRN component and analyses the reasons why members may have reported as *Not Ready* for each component.

Individual availability

3.20 Army members are required to identify any personal circumstances that would prevent them from deploying at short notice.⁶¹ To be reported as *Ready* in this component, members sign a Statement of Availability affirming that their personal circumstances will not prevent them from being available for deployment. Once a member has signed this Statement it is expected that he/she will continue to be available for deployment unless reported otherwise.

3.21 On 30 September 2009, 1314 members were reported as *Not Ready* in the availability component, equating to 3.7 per cent of Army's trained force (see

⁶⁰ Exercise Talisman Saber 2009 is a biennial training exercise conducted with the US Armed Forces, and is designed to improve both country's combat readiness and interoperability; it took place between 6 and 25 July 2009. Exercise Diamond Dollar was an Army training exercise which took place between 9 and 28 June 2009.

⁶¹ This includes parenting requirements, spouse employment or legal barriers.

Figure 3.2). These members had either not completed their Statement of Availability, or had advised their chain of command of a change in their circumstances which prevents them from being available for deployment. The reason a member is reporting as *Not Ready* in the availability component may be ascertained by viewing the member's PMKeyS record: aggregate information on reasons is not currently collated and reported on.

Employment proficiency

3.22 Army members are required to be proficient in their rank and trade. Members are deemed proficient, and reported as *Ready* in this component, after completing their initial Corps or trade-specific training. There is no specified review period for this component; instead a member is reported as *Not Ready* if they are assessed as not proficient in the job performance section of their annual Performance Appraisal Report or if they are the subject of administrative action.

3.23 On 30 September 2009, 1201 members were reported as *Not Ready* in the employment proficiency component, equating to 3.4 per cent of Army's trained force (see Figure 3.2). These members may have:

- been officers who had recently completed their initial officer training and were waiting to start either their Regimental Officer's Basic Course or Logistic Officer's Basic Course or Specialist Service Officer's Course and, as such, were still part of the Training Force;
- been Reservists who had completed at least one module of their initial Corps or trade-specific training but had not completed all modules;
- recently rejoined the Army after a period of absence and had not yet had their job performance assessed as part of their annual Performance Appraisal Report;
- returned to the training force to re-train in a different trades or Corps; or
- been assessed as not proficient in the job performance section of their annual Performance Appraisal Report.

3.24 The reason a member is reporting as *Not Ready* in the employment component may be ascertained by viewing the member's PMKeyS record: aggregate information on these reasons is not currently collated and reported.

Medical fitness

3.25 Army members are required to be medically fit for deployment in their trade or employment category. Members are assigned a Medical Employment Classification (MEC) standard between 1 and 4. Members assigned a MEC standard of 1 or 2 are deemed medically fit for deployment and are reported as *Ready* in this component. Members assigned a MEC standard of 3 or 4 are deemed medically unfit for deployment, either temporarily or in the long term, and are reported as *Not Ready*. A member's MEC standard is reviewed at least annually during the member's Annual Health Assessment (AHA) or their Comprehensive Physical Health Examination (CPHE).⁶² It is also reviewed whenever they seek medical attention. Members who have not attended either an AHA or CPHE in the last 12 months are reported as *Not Ready* regardless of the MEC standard they were last assigned.

3.26 On 30 September 2009, 31.2 per cent of Army members who were reported as *Not Ready* in the medical component were currently classified as medically unfit to deploy. The remaining 68.8 per cent were overdue for either their AHA or CPHE and as such their current medical status was unclear (see Table 3.3).

Table 3.3

Analysis of members reporting as *Not Ready* in the medical component

Not overdue for an AHA or CPHE		Overdue for an AHA or CPHE		Total
Classified as medically fit	Not classified as medically fit	Classified as medically fit	Not classified as medically fit	
1567 (31.2%)	1 ^A	379 ^B (7.5%)	3078 (61.3%)	5025

Notes: (A) Army informed the ANAO that the review date for this member was incorrectly entered by an operator to be more than 12 months after the member's previous medical assessment, and that this error was subsequently corrected.

(B) As with all members reporting as overdue for an AHA or CPHE, the current medical status of these members is not clear. The members may:

- be overdue for a review, the date of which was manually adjusted, or overridden by HealthKEYS, to be less than 12 months after their previous medical assessment;
- be receiving ongoing treatment for their medical condition, but be overdue for their AHA or CPHE; or
- not have received any medical treatment in the last 12 months.

Source: ANAO analysis of AIRN data in PMKeyS for 30 September 2009.

⁶² The CPHE takes the place of the AHA every fifth year.

Value of Annual Health Assessments

3.27 An AHA is conducted by a nurse or military equivalent. It takes approximately 30–45 minutes and involves the medic taking physical measurements such as height, weight and blood pressure; checking the results of a blood test; and asking the member a series of lifestyle questions regarding their drinking, smoking and sexual behaviour, their exposure to sunlight, and any injuries or illnesses that the member may be suffering from. If any medical issues are identified during an AHA, the medic will refer the member to a doctor for further examination.

3.28 The original AIRN Instruction, introduced in 1997, required medical fitness to be assessed by a doctor every three years for members younger than 35 years, with the exception of Army pilots, and annually for members 35 years or older, and Army pilots. In September 2001, the Australian Defence Force (ADF) introduced a tri-service health promotion policy that required all members of the ADF to follow a program of AHAs, supplemented every fifth year by a Comprehensive Preventative Health Assessment.⁶³ Army aligned the requirements of the medical fitness component of the AIRN with this ADF policy in the 2004 revision of the AIRN Instruction.

3.29 The focus of the ADF's health promotion policy, and the program of AHAs contained within it, is on preventative medicine. As would be expected, a large proportion of Army members are young and are comparatively fitter than their civilian counterparts. During fieldwork, Defence health personnel interviewed by the ANAO commented that the value of conducting AHAs of these fit, young soldiers was questionable, particularly because their value is dependent on the medic receiving complete, factual information from the member regarding their lifestyle and general well-being. Members may not always be forthcoming with this information, particularly if it related to their drinking behaviour or injuries.

3.30 Furthermore, it was unusual for an injury or illness that would prevent a member from being deployed to be first identified during an AHA. Usually a member with such an injury or illness would first identify the problem themselves and present to a doctor for a diagnosis. On the occasion that such an injury or illness is first identified during an AHA, the medic refers the

⁶³ Defence Instruction (General) PERS 16–18, *Australian Defence Force Policy for the Health Promotion Program*, September 2001.

member to a doctor for further assessment and the ANAO was informed that, depending on resourcing, there can be a time delay between when the medical issue was identified and when it was reviewed by a doctor.

3.31 The ANAO is also considering the issue of AHAs in the context of another audit currently underway that is examining Defence's management of health services to ADF personnel in Australia.

Physical fitness

3.32 Army members are required to remain physically fit. A member's fitness is assessed every six months when he/she undertakes a Basic Fitness Assessment (BFA). The BFA consists of a timed 2.4 kilometre run (or a 5 kilometre walk option for members over 40 years of age), a set of push ups and a set of sit ups. The time limit for the run or walk and the number of push ups and sit ups required is set according to age and gender. A member is reported as *Ready* in this component if they have passed a BFA in the last six months.

3.33 Some members who are reported as *Not Ready* in the physical fitness component may have a medical condition to explain the failure. Of the 7278 members who were reported as *Not Ready* in the physical component on 30 September 2009, 14.3 per cent were classified as medically unfit to deploy, and therefore may have had a medical reason for not undertaking, or failing, a Basic Fitness Assessment.

3.34 Of the remaining members who were reported as *Not Ready* in the physical fitness component:

- 80.0 per cent had not undertaken a Basic Fitness Assessment in the previous six months and had no apparent medical reason for not undertaking the assessment;⁶⁴ and
- 5.7 per cent had failed a Basic Fitness Assessment and had no apparent medical reason to account for this failure. This equates to 1.2 per cent of Army's trained force (see Figure 3.2).⁶⁵

⁶⁴ Just over a third of members within this 80.0 per cent (28.2 per cent of members reported as *Not Ready* in the physical fitness component) were overdue for their AHA or CPHE and, as such, did not have a current medical fitness classification.

⁶⁵ A small number of members within this 5.7 per cent (0.8 per cent of members reported as *Not Ready* in the physical fitness component) were overdue for their AHA or CPHE and, as such, did not have a current medical fitness classification.

3.35 As noted in paragraph 3.16, the large percentage of members overdue for a basic fitness assessment most likely reflects the six monthly review period for this component and the inability of units to successfully manage compliance within this timeframe.

Weapons proficiency

3.36 Army members are required to be competent in the use of the F88 Austeyr rifle, the basic weapon for all Army members. A member's competency is assessed every six months when he/she undertakes a weapons proficiency test. This test is divided into two parts: the weapons training test (which assesses the member's ability to safely handle the weapon) and the fire practice (which assesses the member's marksmanship). For the fire practice, all members are required to achieve an average of a 200 mm or less grouping of shots.⁶⁶ Both parts must be completed within 14 days of each other. A member is reported as *Ready* in this component if they have passed a weapons proficiency test in the last six months.

3.37 Similarly to the physical fitness component, some members who failed, or failed to attempt a weapons proficiency test may have a medical condition to explain their failure. Of the 5849 members who were reported as *Not Ready* in the weapons proficiency component as at 30 September 2009, 10.5 per cent were classified as medically unfit to deploy and may have had a medical reason for not undertaking, or failing a weapons proficiency test.

3.38 Of the remaining members who were reported as *Not Ready* in the weapons proficiency component on 30 September 2009:

- 87.5 per cent had not undertaken a weapons proficiency test in the last six months and had no apparent medical reason for not undertaking the test;⁶⁷ and
- 2.0 per cent of members had failed a weapons proficiency test and had no apparent medical reason to account for this failure. This equates to 0.3 per cent of Army's trained force (see Figure 3.2).⁶⁸

⁶⁶ A direct measure of weapons proficiency is the ability to consistently achieve a tight grouping of shots. For a grouping of 200 mm the shots need to be within a 200 mm diameter.

⁶⁷ Just under a third of members within this 87.5 per cent (36.2 per cent of members reported as *Not Ready* in the weapons proficiency component) were overdue for their AHA or CPHE and, as such, did not have a current medical fitness classification.

3.39 As noted in paragraph 3.16, the large percentage of members overdue for a weapons proficiency test most likely reflects the six monthly review period for this component and the inability of units to successfully manage compliance within this timeframe.

Dental fitness

3.40 Army members are required to be dentally fit for deployment. ARA members are assigned a Dental Classification (DC) standard between 1 and 4. Members assigned a DC standard of 1 or 2 are deemed dentally fit for deployment and are reported as *Ready* in this component. Members assigned a DC classification of 3 or 4 are deemed dentally unfit for deployment and are reported as *Not Ready*. An ARA member's DC standard is reviewed at least annually during their dental examination. It is also reviewed whenever they seek dental attention. ARA members who have not attended a dental examination in the last 12 months are reported as *Not Ready* regardless of the DC standard they were last assigned.

3.41 Reservists are only required to attend a dental examination every five years. They are not assigned a DC standard unless they wish to undertake a period of Continuous Full Time Service (CFTS). A Reservist is reported as *Ready* in this component if they have attended a dental examination in the last five years and *Not Ready* if they have not.

3.42 On 30 September 2009, 40.8 per cent of Army members who were reported as *Not Ready* in the dental component were currently classified as dentally unfit to deploy and 53.8 per cent were overdue for their dental examination (see Table 3.4).

⁶⁸ A small number of members within this 2.0 per cent (0.1 per cent of members reported as *Not Ready* in the weapons proficiency component) were overdue for their AHA or CPHE and, as such, did not have a current medical fitness classification.

Table 3.4**Analysis of members reported as *Not Ready* in the dental component**

Not overdue for a Dental Examination		Overdue for a Dental Examination		Total
Classified as dentally unfit	Not classified as dentally unfit	Classified as dentally unfit	Not classified as dentally unfit	
1973 (40.8%)	264 ^A (5.5%)	170 ^B (3.5%)	2432 ^C (50.3%)	4839

Notes: (A) Of these 264 members, 174 had erroneous dental classification codes. Any of these members may also have had the review date for their next dental examination manually adjusted to be more than 12 months after their previous dental examination for the ARA members, and more than 5 years after their previous dental examination for the Reservists. Army informed the ANAO that for the ARA members, this may have occurred due to the lengthy timeframes required for some dental treatments to be completed.

(B) As with all members reporting as overdue for a dental examination, the current dental status of these members is not clear. The members may:

- be overdue for a review, the date of which was manually adjusted, or overridden by HealthKEYS, to be less than 12 months after their previous dental assessment;
- be receiving ongoing dental treatment, but be overdue for their annual dental examination; or
- not have received any dental treatment in the last 12 months.

(C) Of these 2432 members, 218 had erroneous dental classification codes.

Source: ANAO analysis of AIRN data in PMKeyS for 30 September 2009.

3.43 In 2004, an internal Defence document recommended that PMKeyS report a member as *Not Ready* in the dental component 13 months after the member's last dental assessment.⁶⁹ The intention of this recommendation was to give members a one month buffer to attend a dental examination at their convenience, and reduce the number of members becoming non-compliant because they were unable to have their dental assessment on the date it fell due. This recommendation was not implemented.⁷⁰

Dental waiting times

3.44 The ANAO was informed by units visited during fieldwork that the lack of availability of dentists, resulting in long waiting times for dental appointments, was a barrier for many Army members in maintaining their AIRN compliance. Staff at dental units visited during fieldwork informed the

⁶⁹ Department of Defence, *AIRN Dental Due Date Issue*, 13 July 2004.

⁷⁰ In March 2010, Army informed the ANAO that similar consideration had also been given to extending the six monthly review periods for the physical fitness and weapons proficiency components to seven months.

ANAO that an annual dental examination takes approximately 15 minutes and no dental work is done during the examination. If a member requires any dental treatment this is done during a separate appointment, incurring a separate waiting period.⁷¹ If the treatment required is to address a problem that has resulted in a member being classified as dentally unfit, the member will be reported as *Not Ready* in the dental component until they receive the treatment. Long waiting times also create uncertainty for members as to whether they will be able to attend a dental appointment booked several months in advance.

3.45 The perception of long waiting times for dental appointments is not substantiated by the average waiting times at Army dental facilities provided by the Directorate of Defence Force Dentistry for August 2009. As shown in Table 3.5, waiting times for dental facilities during August 2009 vary substantially but in most cases waiting times are not greater than two weeks for a dental examination and the longest waiting time is less than three months for a 60 minute appointment at Gallipoli Barracks.

Table 3.5

Waiting times at Army Dental Facilities for August 2009

Site	Region	Waiting time (in days) for:		
		Dental Examination	30 minute appointment	60 minute appointment
Borneo Barracks	South Queensland	14	14	14
Darling Downs	South Queensland	2	7	7
Gallipoli Barracks	South Queensland	70	72	81
Holsworthy Barracks	Greater Sydney, Northern NSW	7	8	10
Irwin Barracks	Western Australia	8	8	10
Keswick Barracks	South Australia	2	3	2
Kokoda Barracks	South Queensland	1	1	1
Lavarack Barracks	North Queensland	7	15	25
Lone Pine Barracks	Greater Sydney, Northern NSW	21	21	21

⁷¹ During fieldwork the ANAO was informed that if a member required a 'scale and clean' to be classified as DC 1, this was not done as part of the routine dental examination due to the time constraints. Rather, the member needed to book a separate appointment to have this work done.

Site	Region	Waiting time (in days) for:		
		Dental Examination	30 minute appointment	60 minute appointment
Randwick Barracks	Greater Sydney, Northern NSW	7	8	10
Robertson Barracks	Northern Territory/Katherine	15	20	20
Victoria Barracks Sydney	Greater Sydney, Northern NSW	7	7	9
Woodside Barracks	South Australia	14	14	28

Source: Directorate of Defence Force Dentistry.

3.46 Defence informed the ANAO that the Gallipoli Barracks dental service had closed their appointment books from October 2009 to prioritise examinations and treatment for deploying members, emergency treatment and treatment for patients that could not be rescheduled due to clinical priority. The longer waiting times being experienced during August 2009 at this dental service, as shown in Table 3.5, reflect the beginning of this period of higher demand primarily caused by the large number of deploying units being serviced at Gallipoli Barracks. All members leaving on deployments are required to be dentally fit prior to departure with the expectation that they will remain dentally fit for the duration of their deployment. Other factors that affect demand at dental services and potentially cause bottlenecks include members failing to attend dental appointments, and the poor dental health of recruits.

Scheduling, and attendance at dental appointments

3.47 *Defence Instruction (Army) PERS 57–1 Dental Examination and Treatment of Members* sets out the procedures for the dental examination and treatment of Army members. This Instruction states that commanding officers are responsible for arranging members' dental examination appointments and subsequent appointments for any treatment required. The Instruction states that members are responsible for looking after their own dental health, attending dental appointments, and ensuring they comply with the AIRN dental requirements.⁷² During fieldwork, the ANAO was informed that members were often advised by their commanding officers that they were due

⁷² Defence Instruction (Army) PERS 57–1 *Dental Examination and Treatment of Members*, December 2004, p.3.

for a dental examination but that it was up to the member to make the appointment themselves.

3.48 To assist members in their responsibility to remain AIRN compliant, members can access their own AIRN record on PMKeyS to check their readiness status and when they are due for component reviews. Members are also reminded of their AIRN status when they log on to the personnel information system PSS. This is particularly useful for managing the dental component where appointments for dental examinations may need to be made some time in advance. Both PMKeyS and the PSS are accessed through the Defence Restricted Network (DRN). During fieldwork, the ANAO was informed that in some units there is limited access to computers connected to the DRN and that those members undertaking soldiering activities tended to use computers irregularly, mainly just to check their pay slips and leave balances.⁷³ To address this, unit administration staff posted a print out of the unit's AIRN report in a public area to assist members in checking their AIRN details.

3.49 The ANAO was also informed by Army dental units that there is a problem with members failing to attend scheduled dental appointments. One dental unit advised the ANAO that in the period from July 2009 to the end of October 2009 it had sent out 105 letters to members advising of them of their failure to attend a scheduled appointment. To address this, most dental units visited by the ANAO required the member to come in to the dental facility to make, and sign for, an appointment. And some dental facilities also required the member's commanding officer to counter-sign a member's appointment slip to agree to release them for the appointment.

Recruit and Initial Employment Trainee dental standards

3.50 As part of the enlistment process into the Australian Defence Force (ADF), applicants are required to undergo medical and physical fitness assessments to ensure they meet the standards that are necessary for them to be able to fulfil their duties. A dental assessment is only conducted once an applicant has been accepted into the ADF. For Army recruits, this is at the Army Recruit Training Centre (ARTC) at Kapooka,⁷⁴ where they undertake their basic recruit training. At Kapooka, recruits undergo a dental examination

⁷³ One unit informed the ANAO that they had on average one computer for every 30 members.

⁷⁴ Kapooka is near Wagga Wagga NSW.

in order to create a forensic record of their dental health. The ANAO was informed that due to the compressed recruit and initial employment training schedules there is limited time for any remedial dental work to be carried out before a recruit is marched into a unit, regardless of the state of a recruit's dental health.

3.51 Recruits and trainees are exempt from AIRN requirements until they complete their training. On completion of their training they are posted to a unit and they have 90 days to comply with the requirements of the AIRN.⁷⁵ The ANAO was informed by the dental units visited during fieldwork that some trainees posted into units have very poor dental health and require extensive dental work. This can put the dental services under significant pressure, creating bottlenecks and concentrated periods of demand, as these members will not be able to be deployed until they are dentally fit.

Scheduling of pre and post deployment medical and dental checks

3.52 Members deploying on operations are required to undergo a number of medical examinations pre and post deployment, and may need to undergo a dental examination and/or dental treatment before deploying. The medical examinations include a pre deployment medical examination, a pre-embarkation medical examination 14 days before deployment, and a post deployment medical examination. These are required regardless of the member's AIRN medical fitness status.

3.53 While a member is deployed they have a general exemption from meeting the requirements of the AIRN (see paragraph 4.4). Despite this exemption, the individual must remain medically and dentally AIRN compliant for the duration of their deployment. The Health Support Plan that is prepared for each operational deployment states that, if a member will be due to have their AHA, five yearly CPHE, or annual dental examination while they are deployed, then it must be conducted before they deploy. In effect, this means that most deploying members will need to undergo an AIRN dental examination and medical assessment before they depart. This often results in a member having two AIRN medical and dental assessments in the one year, with the extra AIRN medical assessment in addition to the pre and post deployment medical examinations the member is also required to have.

⁷⁵ Some trainees are posted to units before completion of their initial employment training and finish their training at the unit. They are exempt from AIRN until completion of their training.

3.54 This duplication of dental and medical examinations, and the need for any dental treatment to be completed to ensure a member remains dentally fit for the duration of their deployment, puts extra burden on medical and dental facilities servicing deploying units. Reduction in this duplication of effort could offer the potential to significantly reduce this burden.

Usefulness of dental assessments for Reserve members

3.55 As discussed in paragraph 3.41, the AIRN Instruction requires Reservists to undergo a dental examination once every five years but they are not assigned a DC standard. A Reservist's dental classification is recorded in PMKeyS as 'R'. No treatment is given during a five yearly dental examination, and if any dental work is required, it is up to the Reservist to have the work completed by their civilian dentist at their own expense.⁷⁶

3.56 Reservists undertaking a period of Continuous Full Time Service (CFTS) are required to be dentally fit. *Defence Instruction (Army) 173–6 (Amendment 4), Employment of Army Reserve members on continuous full-time service* states that prior to commencement of CFTS a Reservist must have had a dental examination within 12 months and have a been assessed as having a DC standard or either one or two.⁷⁷

3.57 This is contradicted in *Defence Instruction (Army), PERS 57–1 (Amendment 3), Dental examination and treatment of members*, which states there is no requirement for a Reservist to be dentally fit to volunteer for a period of Continuous Full Time Service (CFTS) within Australia. This Instruction requires that once a Reservist has accepted the offer of CFTS within Australia they must undergo a dental examination and that any treatment identified as being required may be done while the Reservist is employed on CFTS. Both the examination and treatment is undertaken at Commonwealth expense.⁷⁸

3.58 However, the same Instruction states that for a Reservist to be eligible to volunteer for a period of CFTS outside Australia, which allows them to be

⁷⁶ Since May 2006, all active Reservists have been entitled to a health support allowance of \$600 to assist them in meeting the costs associated with maintaining their medical and dental readiness. And members of the High Readiness Reserve, a group of Reservists who sign a two year contract to be available on voluntary deployment at short notice, receive an annual health benefit of \$2500 to assist them in meeting the costs of maintaining a higher level of medical and dental readiness.

⁷⁷ Commanding officers are entitled to grant a component waiver to a Reservist who is not compliant in the dental component to allow them to commence CFTS.

⁷⁸ This excludes major dental treatment such as dental implants, orthodontic treatment or major maxilla-facial surgery.

deployed on an exercise or operation overseas, the member must be declared dentally fit by their civilian dental practitioner. This dental examination and any treatment required to bring the member to a dentally fit standard is undertaken at the member's expense. Before being deployed overseas the member must undergo a pre-deployment dental examination, during which they are assessed to ensure they meet the dental deployment criteria for the particular operation or exercise they are deploying to. Both the pre-deployment check and any work that is required to bring the member from the dentally fit standard to the deployable standard are done at Commonwealth expense.

3.59 In March 2010, Army informed the ANAO that dental requirements for Reservists commencing CFTS, and the issue of who met the costs of meeting these requirements, were currently under review. Army further informed the ANAO that *Defence Instruction (Army) 173-6 (Amendment 4), Employment of Army Reserve members on continuous full-time service* was the most recent instruction addressing dental requirements for Reservists commencing CFTS and as such took precedence over other instructions addressing this issue. Army also expected that the contradictory instruction, *Defence Instruction (Army), PERS 57-1 (Amendment 3) Dental examination and treatment of members* would be cancelled.

3.60 Given that Reservists are not required to maintain a dental classification standard to maintain their AIRN compliance, and he/she may be required to meet the cost themselves of attaining a dentally fit standard to deploy overseas if they volunteer to do so, it is unclear what purpose the five yearly dental checks for Reservists serve. Army informed the ANAO that, although it was not articulated in any policies, Army believed that the five yearly dental examinations for Reservists provided a mechanism for Army to quantify the dental support that would be required to mobilise significant elements of the Reserves.

Problems for Reservists adhering to the AIRN testing requirements

Reservists in remote locations

3.61 Army Reserve units are spread out across Australia. For units in remote areas, the ability of members to maintain their AIRN compliance in the weapons, medical and dental components is seriously inhibited and may incur a substantial cost to Army. For these members, there can be limited access to

medical and dental facilities (both civilian and military) and Weapons Training Simulation System facilities.⁷⁹ Furthermore, there can be higher costs associated with using the services of medical facilities.⁸⁰ During the wet season, some remote units in Northern Australia are cut off from major towns for some months. In these cases, in order to maintain their AIRN compliance, members must fly to the nearest base and this is usually a costly exercise.⁸¹

Completing a Weapons Proficiency Test in a remote area

35 Field Regiment is an Army Reserve unit with sub-units in Mt Isa and Rockhampton. Members in these locations need to undertake live firing exercises in order to comply with the requirements of the AIRN weapons component as there is no Weapons Training Simulation System facility close by. Due to the cost of using live ammunition, these exercises are only run twice a year. If a member misses one, they will become AIRN non-compliant and remain so until they can attend a future live firing exercise, which will be in at least six months time.

3.62 Furthermore, for members in remote locations, there can be a lengthy delay between when the member completes their dental or medical examination and when the paperwork is returned from the dental or medical facility to the unit's administration staff to be entered into PMKeyS. During any delay in entering the updated dental or medical results in PMKeys, the member can appear in system as *Not Ready* even though they have complied with all relevant AIRN requirements.

Reservists parading at different units

3.63 Not all Reservists parade with the unit that they are posted to. Some Reservists prefer to parade close to where they live and where they know the other members. For example, a driver who is posted to 5 Combat Support Services Battalion (CSSB), located at Port Botany, but who lives in Penrith, may parade with 5 Combat Engineer Regiment (CER) instead as it is closer to their home. During fieldwork, the ANAO was informed by some Reserve units, that in cases such as this, the member will still be included on 5 CSSB's AIRN

⁷⁹ Weapons Training Simulation System facilities can be used for weapons proficiency testing without the need to conduct a live firing exercise.

⁸⁰ The ANAO was informed of one medical clinic in a remote area that charges patients a membership fee.

⁸¹ A Commanding Officer with members in remote locations informed the ANAO that he preferred to let members fall AIRN non-compliant over the wet season than spend thousands of dollars flying them into the base.

report,⁸² but the unit does not see the member and has no influence over the member's AIRN status.

Costing proposed changes to AIRN requirements

3.64 In Audit Report No. 26, 1999–2000 *Army Individual Readiness Notice* the ANAO recommended that Army identify the annual cost of maintaining the AIRN (including costs associated with its assessment, recording and reporting) to enable its cost effectiveness to be assessed.⁸³ This recommendation was made in the context that the AIRN was a relatively new initiative at the time, and the ANAO sought to emphasise the need for the costs and benefits of the introduction of such policies to be properly assessed. This finding was supported by the Joint Committee of Public Accounts and Audit during its October 2000 review of this ANAO audit.

3.65 During a Senate Legislative hearing in 2000, the then Chief of Army responded to a question on the costing of the AIRN by responding that one of the highest priorities for a review being undertaken by Defence at that time into the AIRN, was to ensure that Defence could capture the cost of AIRN and assess the cost effectiveness of the AIRN as a system.⁸⁴

3.66 A follow-up audit, Report No. 45, 2003–04, stated that Army had indicated that AIRN costing is not captured on a regular basis as the AIRN was considered to be the most cost effective approach to measuring individual readiness across Army. The report made no further recommendation on the matter.

3.67 As part of this audit the ANAO sought advice from Army as to whether it had available information relating to the current cost of AIRN. Army advised the ANAO that it does not know the cost of operating and administering AIRN. Currently, it is not a priority for Army to obtain this information as it considers AIRN to be part of its ongoing preparedness requirements. In discussions related to costing, Army indicated that a set of costing tools do not exist within Defence which would allow for the ready identification of costs attributable to a function such as AIRN.

⁸² These members have to be manually removed from the reports in order for the unit to have an accurate report of its AIRN status.

⁸³ Australian National Audit Office, Audit Report No. 26 1999–2000, *Army Individual Readiness Notice*, p. 48.

⁸⁴ Senate Legislative Hearings, Foreign Affairs, Defence and Trade, 30 May 2000, p. 187.

3.68 In May 2009 the government released the Defence White Paper 2009, *Defending Australia in the Asia Pacific Century: Force 2030*. One chapter of this White Paper is dedicated to defence preparedness, which encompasses the individual readiness of ADF units and members. In discussing preparedness, the White Paper states:

preparedness comes at a cost. The higher the preparedness levels, the higher the cost. The cost of preparedness is driven by the timeframe within which forces must be ready for contingency operations, the expected duration of the contingency, the quantity of forces expected to be able to respond, the professional skills and pre-deployment training required to deliver the desired effects, and the complexity of the equipment to be used. Units at a very short notice to move (in some cases, a few hours) cost more to maintain than units at longer notice to move. Maintaining a large number of force elements to meet a wide range of potential contingencies at short notices to move is not a practical or effective use of limited resources.

Defence needs to hold some forces at high states of readiness to commit for short-notice contingencies that may arise. When determining which short notice contingencies to be prepared for, the likelihood and consequence of an event arising is analysed.⁸⁵

3.69 As part of the 2009 Defence White Paper, the Government committed to extensive reform of Defence business to improve accountability, planning and productivity. In June 2009, Defence announced the Strategic Reform Program (SRP) *Delivering Force 2030*.⁸⁶ Under the SRP, Defence has committed to make gross savings of some \$20 billion over the ten years 2009–19. Defence needs to achieve these savings as the money is to be reinvested to deliver stronger military capabilities, to remediate areas where there has not been enough funding in the past and to modernise the Defence enterprise ‘backbone’, all of which are essential to support the fighting force.⁸⁷

3.70 To achieve this, Defence announced a number of streams of reforms as part of the SRP, some providing savings and others addressing the efficiency and effectiveness of Defence. One of the SRP’s efficiency and effectiveness

⁸⁵ Department of Defence: Defence White Paper 2009, *Defending Australia in the Asia Pacific Century: Force 2030*, p. 87.

⁸⁶ Defence Media Release 2009, Defence Strategic Reform Program—*Delivering Force 2030*, MSPA 184/09, 4 June.

⁸⁷ *The Strategic Reform Program: Delivering Force 2030*, Department of Defence, p. 3.

streams covers preparedness, and is designed particularly to consider decision support, preparedness management and the cost of preparedness.⁸⁸

3.71 Within the Preparedness and Personnel and Operating Costs reform stream, there are a number of initiatives, including:

- a model for analysing the costs versus benefits for the preparedness process, including a cost model for Reserves;
- a review of the activity levels of Defence operating units to better align them with preparedness requirements, as well as developing relevant performance metrics; and
- a preparedness costing tool that increasingly automates and improves the fidelity of cost estimates.

3.72 This work is directed at allowing Defence to better manage the preparedness of the ADF, in particular making sure that decisions relating to level of preparedness are informed by relevant cost information. In this process the cost of AIRN will not be drawn out specifically as AIRN related costs will be part of the base ongoing personnel and operating cost of units and support groups.

3.73 Improvements flowing from the Strategic Reform Program may provide improved costing information about AIRN in the longer term. Given that the AIRN is seen by Army to be a valuable ongoing contributor to the effective management of Army, the ANAO accepts that at this time there is little benefit in applying resources to cost AIRN itself. Nevertheless, to the extent that changes to AIRN requirements may be considered in the future, the estimates of the costs and/or potential savings of particular changes should be made to help inform Army's decision on the potential change.

3.74 Each individual dental examination, medical assessment and weapons proficiency test incurs a cost to Defence. This chapter has raised a number of matters relating to the effectiveness of some of these requirements including:

- the review period for physical and weapons components;
- the approach for determining the frequency of health assessments for members;

⁸⁸ *The Strategic Reform Program, Delivering Force 2030*, Department of Defence, June 2009, pp. 7 and 13–14.

- the timing of initial dental treatment for recruits;
- the duplication of medical and dental examinations for members prior to an imminent deployment; and,
- the usefulness of dental examinations for Reservists.

3.75 Accordingly, the ANAO considers that there would be benefit in Army reviewing the currently specified requirements of the AIRN components to ensure they represent a cost effective contribution to maintaining individual readiness.

Recommendation No.2

3.76 The ANAO recommends that Defence review the requirements of the AIRN components (such as dental examinations for Reservists and approach for determining the frequency of health assessments for members) to confirm that maintaining compliance with the requirements as currently specified in the AIRN Instruction represent a cost effective contribution to maintaining individual readiness.

Defence response

3.77 *Agreed.* As part of the tri-service review of individual readiness, a detailed review of the AIRN Instruction and requirements will be conducted by Army to ensure that all components are cost effective and contribute to maintaining individual readiness. This will be synchronised to succeed a review of relevant health directives to ensure alignment of contemporary Defence health policy.

4. Component waivers, overall exemptions and reporting of AIRN data

This chapter discusses AIRN component waivers and overall exemptions, in particular, the effectiveness and consistency of Army's administration of component waivers and overall exemptions. This chapter also discusses the systems and processes used for recording and reviewing AIRN data and examines whether these systems and processes ensure that AIRN data is accurate, timely and complete. This chapter finishes with a discussion of the strategic reporting and use of AIRN data including the use of performance targets.

Component waivers and overall exemptions

4.1 Army acknowledges that Army members will move in and out of AIRN compliance for reasons both within and beyond their control over the course of their careers. To manage periods where Army members may not be able to comply with the requirements of the AIRN for reasons beyond their control the AIRN Instruction includes provisions for members to be granted an overall exemption or component waivers.

4.2 The AIRN Instruction states that failing to maintain AIRN compliance is a valid reason for denying a member promotion and course opportunities, limiting posting opportunities and taking administration action, including asking the member to show cause why their service should not be terminated. As it not Army's intention for members who cannot comply with the AIRN for reasons beyond their control to be subject to disciplinary measures, component waivers and overall exemptions are needed. The serious consequences for not being AIRN compliant reinforce the cultural message of the AIRN that Army members should be ready always.

4.3 However, to be effective, the system of overall exemptions and component waivers needs to:

- clearly report a member's overall readiness status as either exempt or waived;
- clearly report the reasons why a member was granted an overall exemption or component waiver and the conditions under which the overall exemption or waiver should remain in place; and
- be consistently applied across Army.

Overall exemptions

4.4 Overall exemptions are granted to members who are unable to comply with the AIRN for service reasons, for example members deployed or posted overseas, and members on leave for more than 90 days. The AIRN Instruction explicitly states that these members are to be reported as *Ready*.

4.5 Members of the Training Force and Standby Reserve are exempt from meeting the requirements of the AIRN. In addition, the AIRN Instruction also exempts the following members from meeting the requirements of the AIRN:

- members confirmed pregnant;⁸⁹
- Reservists who are providing non-effective service;⁹⁰
- members posted to a Regional Force Surveillance Unit who are included on the Regional Force Surveillance List (RFSL);⁹¹ and
- members who have been assessed as permanently unable to maintain AIRN compliance for reasons beyond their control, but whose continued service has been deemed to be in the best interest of Army, and so have been granted a Skills Exemption.

4.6 The AIRN Instruction does not clearly specify how all of these groups of members should be reported. The instruction specifies that: members confirmed pregnant, and members who have been granted a Skills Exemption are to be reported as *Not Ready*; and members of the Training Force are to have individual readiness data entered into PMKeyS and are to be reported as *Not Ready* in any component where they cannot, or do not meet the requirements. The instruction implies that Reservists who are providing non-effective service are to be reported as *Not Ready*. But the instruction does not state how members of the Standby Reserve or members included on the RFSL are to be reported.

⁸⁹ The 2008 version of the AIRN Instruction provides additional guidance on the application of AIRN policy in the case of pregnant members.

⁹⁰ A Reservist is identified as not rendering effective service if they fail to attend required training as specified by their unit Commanding Officer and they have not applied for leave.

⁹¹ Regional Force Surveillance Units (RFSUs) operate in remote areas of Northern Australia and are responsible for maintaining regionally based situational awareness in their area. Some members of these units cannot meet entry requirements for the Army Reserve but have suitable skills for RFSU tasks, so they are enlisted under special conditions to the Regional Force Surveillance List.

Reporting overall exemptions in PMKeyS

4.7 When an operator enters an overall exemption into PMKeyS, they are required to select the reason for the exemption from a drop-down list of options.⁹² Regardless of the reason selected, PMKeyS reports the overall readiness status of all members who have been granted overall exemptions as *Ready*. As discussed above, this is not consistent with the AIRN Instruction which, depending on the reason a member is exempt from meeting the AIRN requirements, sets out different requirements for how that member should be reported. In particular, the PMKeyS drop down list includes options for members who have been granted a Skills Exemption and members confirmed pregnant who, according to the AIRN Instruction, should be reported as *Not Ready*.

4.8 The reporting of all members who were exempt from meeting AIRN requirements in PMKeyS as *Ready* creates the potential for confusion within Army units. This is particularly the case when units are managing members confirmed pregnant, Reservists who are not providing effective service, and members with a Skills Exemption. The ANAO was informed by personnel in the units visited that they did not find it helpful to have the member's overall readiness status being reported as *Ready* when the member was clearly not capable of being deployed. As such, some units did not grant these members overall exemptions, instead choosing to understand that these members were exempt from meeting the requirements of the AIRN and had a reason, acceptable to Army, for reporting as *Not Ready*.

4.9 In March 2010, Army informed the ANAO that it had already identified the inconsistencies between the requirements of the AIRN Instruction and the reporting of overall exemptions in PMKeyS and that it was working to address the issue.

Analysis of overall exemptions granted as at 30 September 2009

4.10 On 30 September 2009, 3246 members of Army's trained force were in receipt of an overall exemption. Most of these exemptions (58.7 per cent) were granted to members deployed on operations, with exemptions granted to members for 'other' reasons, such as members confirmed pregnant and

⁹² PMKeyS provides the following reasons for granting an overall exemption: critical skills, leave without pay, long service leave, long term schooling, manpower without establishment, operational deployment, other (to be selected for pregnant members), overseas posting, Regional Force Surveillance List and Standby Reserve.

Reservists rendering non-effective service, comprising the next largest group (see Table 4.1). The remaining 21.8 per cent of exemptions had been granted to members for one of the other reasons provided in the AIRN Instruction.

Table 4.1

Five most prevalent reasons why members had been granted an overall exemption as at 30 September 2009

Reason for Overall Exemption	Number of exemptions granted	Percentage of total exemptions granted
Operational Deployment	1907	58.7 per cent
Other	634	19.5 per cent
Regional Force Surveillance Unit	204	6.3 per cent
Skills Exemption	121	3.7 per cent
Overseas Posting	67	2.1 per cent

Note: Members granted an exemption under the 'Other' category included members confirmed pregnant and Reservists rendering non-effective service.

Source: Army analysis of AIRN data from PMKeyS for 30 September 2009.

4.11 Army also identified, by rank, a further 6532 members who appeared in Army's AIRN report on 30 September 2009 but who were actually part of the Training Force on that day.⁹³ None of these members were AIRN compliant and nor were they required to be. To improve the accuracy of the report, Army excluded these members from the AIRN report altogether as they are exempt from meeting AIRN requirements.

4.12 Army informed the ANAO that this approach is consistent with Army's current practice of removing any members who are exempt from meeting the requirements of the AIRN but have not been granted an overall exemption, by filtering their records out of the Army's standard AIRN spreadsheet after the records have been downloaded from PMKeyS.

Granting of overall exemptions to deployed members

4.13 Audit fieldwork identified some inconsistencies in the administration of overall exemptions for deployed members. One unit visited entered overall exemptions in PMKeyS for deployed members once a member's AIRN status

⁹³ Army identified all officer cadets, private recruits and private trainees by their rank. However, members who have returned to the Training Force to retrain in a different trade or to change corps cannot be identified by their rank. As such, these members cannot easily be identified in an AIRN report without the local knowledge of the member's unit administrative staff.

had expired.⁹⁴ Another unit with two groups deployed on different operations, had entered overall exemptions into PMKeyS for one group but not the other.

4.14 Once members have returned from deployment they are entitled to take 90 days to regain AIRN compliance. This process is administered by adding an additional 90 days to the end date of the exemption period in PMKeyS. Not all units visited by the ANAO granted members these additional 90 days of exemption, choosing instead to accept that members who had recently returned from deployment would not be AIRN compliant for 90 days.⁹⁵

4.15 Army informed the ANAO that the additional 90 day overall exemption granted to members returning from deployment should commence from the member's Return to Australia date. However, a member's Return to Australia date can be changed a number of times for operational reasons and the actual date a member returns to service is also affected by any leave the member takes after returning from deployment. As such, units are reluctant to enter the 90 day exemption because once entered the exemption expiry date can only be changed in PMKeyS by a system administrator, not an operator. In March 2010, Army informed the ANAO that it is currently seeking to address this issue by making changes to PMKeyS which will enable operators to change exemption expiry dates. This change should be in place by mid 2010.

4.16 For members who deploy with a unit other than their own, it was unclear as to which unit was responsible for entering the member's overall exemption in PMKeyS. In some cases, a member will leave their unit to join the deploying unit several weeks before they actually deploy. Some units visited by the ANAO understood it to be the responsibility of the unit that the member was deploying with to enter the member's overall exemption into PMKeyS, while other units entered the exemption once they noticed that the member's AIRN status had expired.

4.17 These inconsistencies are reflected in the different number of members who were reported in PMKeyS as being in receipt of an overall exemption because they were operationally deployed on 30 September 2009 (1907) and the

⁹⁴ For example once their weapons or physical fitness components expire.

⁹⁵ The draft Chief of Army's Preparedness Directive suggests that members will in the future be given six months after returning to Australia from operations to regain their AIRN compliance (see paragraphs 2.20–2.23).

number of members Army reported to Parliament were deployed on overseas and regional operations in October 2009 (3050).⁹⁶

Granting overall exemptions to Reservists rendering non-effective service

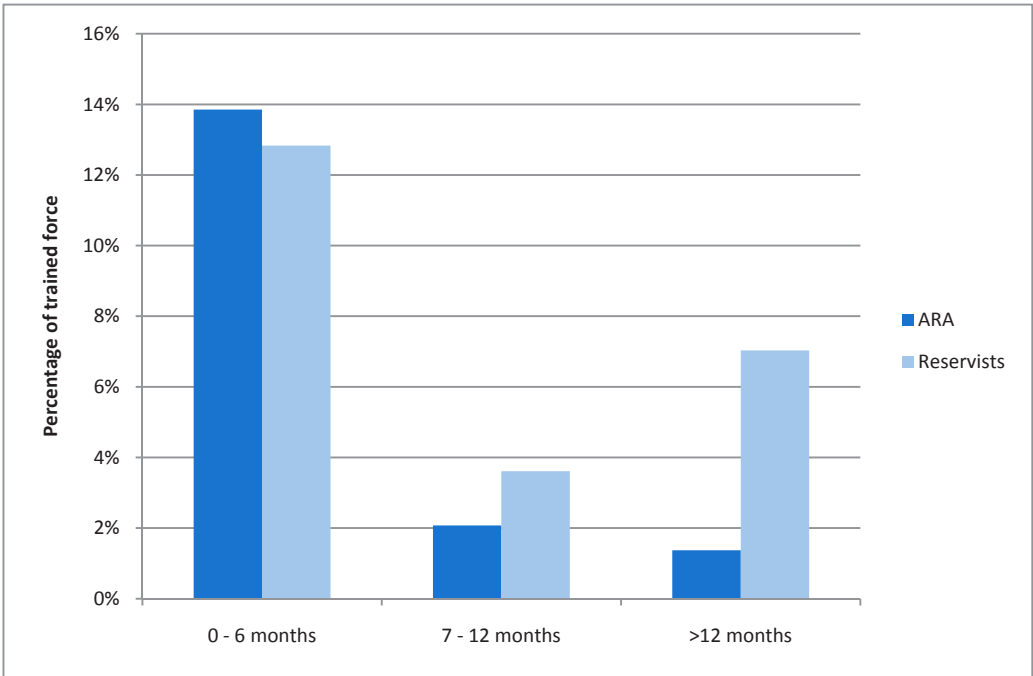
4.18 A Reservist is identified as not rendering effective service if they fail to attend the required training as specified by their unit's commanding officer and they have not applied for leave. Once a member has been identified as a non-effective Reservist, the relevant Defence Instruction specifies that a discharge process is to be commenced. During fieldwork, the ANAO was informed by some of the units visited that it was difficult to determine when to commence the discharge process for non-effective Reservists, as Reservists attend training when their personal lives and civilian careers allow for this.

4.19 Figure 4.1 compares the length of time ARA members and Reservists, who were reporting as *Not Ready* on 30 September 2009 only because they were overdue for a review in one or more of the dental, medical, physical and weapons components, had been overdue. A much smaller proportion of ARA members were overdue for a review by more than six months compared with Reservists. It is likely that a significant proportion of the Reservists overdue for a review by more than six months were not rendering effective service to their unit.

⁹⁶ In October 2009, Army informed Parliament that there were approximately 2550 Army members deployed on operations around the world, with another 500 deployed on regional operations.

Figure 4.1

Comparison of how long ARA members and Reservists, who were only overdue for a review in one or more components, had been overdue



Source: ANAO analysis of AIRN data in PMKeyS for 30 September 2009.

4.20 In developing the current version of the AIRN Instruction, Army included the option of exempting non-effective Reservists from meeting the requirements of the AIRN.⁹⁷ Previous versions of the AIRN Instruction had not taken into account the effect of non-effective Reservists on a unit’s AIRN statistics. A brief to the Chief of Army, dated December 2008, explained that including this exemption would assist Reserve units in improving the accuracy of their AIRN report and provide a clearer indication of a unit’s capability.⁹⁸

4.21 If a commanding officer grants a non-effective service Reservist, who is not AIRN compliant, an overall exemption, the Reservist will appear on the

⁹⁷ Annex I of the 2008 version of the AIRN Instruction, which relates to exemptions and waivers, has been amended such that where the Army is taking action against non-effective service Reserve members, these Reservists are exempt from meeting the requirements of the AIRN Instruction.

⁹⁸ Department of Defence, *Brief to CA (through DGPP-A and DCA) on amendment to DI(A) OPS 80-1 Army Individual Readiness Notice*, December 2008.

unit's AIRN report as *Ready*.⁹⁹ Furthermore, once the overall exemption has been granted, it cannot be removed until it expires even if the Reservist starts parading again.¹⁰⁰ As such, some units are reluctant to grant overall exemptions to Reservists rendering non-effective service because it results in these members being inaccurately reported as *Ready* when they are not.

Component waivers

4.22 Component waivers are granted to a member at the discretion of their commanding officer. The waiver acknowledges the temporary inability of the member, for reasons beyond their control, to comply with the requirements of the particular component of the AIRN for which they are granted a waiver.¹⁰¹

4.23 Defence Instruction (General) PERS 36–2 *Australian Defence Force Policy on Individual Readiness* states that a waiver is an administrative indicator that a component gap has been recognised, the reason the member is non-compliant is beyond the member's control and that the gap is being managed.¹⁰² The AIRN Instruction provides guidance to commanding officers to help them distinguish between members who are not AIRN compliant for reasons within and beyond their control. A summary of this guidance is set out in Table 4.2.

⁹⁹ The ANAO was informed during fieldwork that in some cases it can take up to two years to discharge a non-effective service Reservist. If an exemption is applied to them, they will be reported as *Ready* against the unit's AIRN report despite having not paraded for two years. The AIRN Instruction itself implies that such Reservists should be reported as *Not Ready*, but does not specifically state this.

¹⁰⁰ This is the same issue as discussed in relation to entering the 90 day overall exemptions for members returning from deployment (see paragraph 4.15). That is, once entered, exemption expiry dates can only be changed in PMKeyS by a system administrator, not an operator.

¹⁰¹ Temporary is defined in the AIRN Instruction as twelve months or less.

¹⁰² The broader Defence requirements for individual readiness are set out in Defence Instruction (General) PERS B/1/2005 *Australian Defence Force policy on individual readiness* (refer to paragraph 2.1).

Table 4.2**Reasons within and beyond a member's control as to why they are not AIRN compliant**

AIRN Component	Non Compliance (<i>Not Ready</i>)	
	for reasons <i>within a member's control</i>	for reasons <i>beyond a member's control</i>
Individual availability	Failure to declare availability	Compassionate or extenuating personal circumstances
Employment proficiency	Rated not employment proficient	Unable to perform duties due to medical condition
Medical fitness	Self inflicted injury Failure to attend treatment or take action in accordance with medical direction	Unit unable to provide opportunity to attend annual health assessment Injury or illness affecting medical fitness
Dental fitness	Failure to complete programmed dental inspection or to attend treatment	Unit unable to provide opportunity to attend dental assessment
Physical fitness	Failure to attempt basic fitness assessment Lack of physical fitness not attributable to a medical condition	Absent on service duties Injury or illness preventing completion of a basic fitness assessment
Weapons proficiency	Failure to attend training Refusal to handle weapon due to conscientious objections Failure to achieve required shooting standard	Absent on service duties Temporary disability due to injury or illness Insufficient ammunition or inability to access WTSS or a live firing range

Source: The AIRN Instruction.

4.24 A member can only be granted a component waiver for a component in which the member is reporting as *Not Ready*. Granting the waiver then changes the readiness status of that component from *Not Ready* to *Ready*. The AIRN Instruction requires the details of the component waiver to be entered into PMKeyS but does not specify whether the member should be reported as *Ready* or *Not Ready* in the waived component.

4.25 On 30 September 2009, 987 waivers had been issued to 719 members. Of these members, 459 (comprising 1.3 per cent of the trained force) were reporting as *Ready* overall (see Figure 3.1).¹⁰³

¹⁰³ The remaining 253 members were reporting as *Not Ready* in another component for which they had not been granted a component waiver (see paragraph 3.3).

4.26 Unit administration staff interviewed by the ANAO advised that unit commanders were generally reluctant to grant members component waivers, particularly for the medical fitness component. The reason given for this was that because granting a component waiver inaccurately reports a member who is *Not Ready* in a particular component as *Ready*, it makes it more difficult for unit commanders to easily identify and manage the members, under their command who are not AIRN compliant. The ANAO was also informed by units that component waivers were most commonly granted to members who had booked in for, but were waiting to see, a dentist.

4.27 The ANAO's analysis of AIRN data in PMKeyS on 30 September 2009 indicates that this perception that medical waivers were not commonly used was incorrect as the most common component waived was the medical fitness component, accounting for 27.2 per cent of all waivers issued. Waivers for the dental component were the fourth most common waiver issued, accounting for 20.4 per cent of all waivers issued.

4.28 A further administrative complication arises because component waivers cannot be entered into PMKeyS until the member is reporting as *Not Ready* in the component they have been granted a waiver in. As such, if a commanding officer has agreed to grant a component waiver to a member in recognition of a situation that has arisen that will prevent them from complying with a component for reasons beyond their control, and if the member is currently reporting as *Ready* in that component, it is up to the member and their unit's administration staff to remember to enter the waiver into PMKeyS once the review date for the component has expired.

Capturing and reporting AIRN data

Collecting and storing AIRN data in PMKeyS

4.29 Information relating to a member's readiness status in each AIRN component and whether the member has been granted any component waivers or an overall exemption is stored within numerous paper-based

files.¹⁰⁴ In most instances, the information from these files must be manually entered into PMKeyS by the administrative staff of the member's unit or by staff from the medical or dental facility where the member had their dental or medical examination. The exceptions to this involve the entry of AIRN data into PMKeyS through the:

- batch entry of some component readiness information for the availability, employment, physical and weapons components; and
- electronic transfer of some dental and medical information.

4.30 The PMKeyS batch update task enables an operator to update the component readiness information for a number of members within a unit in one operation. Dental and medical components cannot be updated using this batch process. The batch function is used when, for example, an entire unit has undertaken a Basic Fitness Assessment on the same day and has achieved the same overall result. The electronic transfer of dental and medical information into PMKeyS occurs when the dental or medical facility is using the Health Key Solution (HealthKEYS) health management information system.¹⁰⁵

4.31 To report on and analyse the individual readiness status of members within any group or formation within Army, a summary of the required AIRN records are downloaded from PMKeyS into a standard AIRN reporting template in a spreadsheet application. This report provides a breakdown of the percentage of members who are *Ready* and *Not Ready* in each component and the percentage of members who are *Ready* and *Not Ready* overall for the group selected, on the day the report was compiled. The report also provides details of the members who have been granted overall exemptions and component waivers.

¹⁰⁴ A member's Statement of Availability, their Performance Appraisal Report and details of any component waivers or overall exemptions granted are stored on their personnel file. The outcome of a member's Annual Health Assessment or Comprehensive Physical Health Examination is stored on their medical file and the outcome of their dental examination is stored on their dental file. These medical and dental assessments are also usually stored in one of the two electronic health management information systems in use across Army. The results of a member's Basic Fitness Assessment and weapons proficiency test are usually stored on a file held by the unit containing the collective results for all members of that unit.

¹⁰⁵ HealthKEYS is one of two health management information systems in use across Army. The other system is the Medical Information Management Index system which does not have the capability to interface with PMKeyS.

Accuracy of AIRN data reported

4.32 Audit Report No.45 2003–04 *Army Individual Readiness Notice Follow-up Audit* concluded that data integrity issues still existed in the AIRN reporting and recording system, compromising its usefulness. The audit made one recommendation in relation to addressing this finding (see Appendix 2).

4.33 Given that the system for entering AIRN information into PMKeyS is largely a manual one, there is an inherent inaccuracy in any AIRN report compiled related to the time lag between when information about a member's AIRN status becomes available and when this information is entered into PMKeyS. This time lag may be several days or even several weeks.

4.34 Dental and medical staff from a number of facilities across Army interviewed by the ANAO commented that the interface between PMKeyS and HealthKEYS was unreliable and that often information did not successfully transfer between the two systems. In those cases where the information did not successfully transfer, the information then had to be manually entered into PMKeyS by the dental and medical staff.

4.35 Furthermore, the reporting of a member's overall readiness status as either *Ready* or *Not Ready* groups together members with very different circumstances into the one category, limiting the capacity to draw meaningful conclusions from the data. To understand the implications of their unit's AIRN data, commanding officers often rely on supplementary briefings provided by administrative staff or their junior officers. These briefings usually address whether members:

- are reporting as *Not Ready* for reasons within or beyond their control, for example, members who have a medical condition to explain their failure to attempt a basic fitness assessment or weapons proficiency test; and
- are reporting as *Not Ready* in a component because they have been assessed as *Not Ready* or because they are overdue for a review; and
- should even be included in a unit's AIRN report, for example, members who are undertaking training, or Reservists rendering non-effective service or parading at a different unit.

4.36 When AIRN data is aggregated for groups and formations within Army larger than a single unit the additional information about why individuals have been categorised as *Ready* or *Not Ready* and what that means

in terms of preparedness is generally either significantly diluted or not available.

4.37 The ANAO noted during fieldwork that administrative staff from 1 Brigade in Darwin were in the process of developing a new AIRN reporting tool, the *Brigade Reporting Tool*, which more clearly indicated to commanders:

- the medical classification of members; and
- whether members were reporting as *Not Ready* because they were overdue for a component.

4.38 The ANAO encourages Army's initiative in developing an improved AIRN reporting tool which will allow improved analysis and use of AIRN information at both the unit and strategic level.

Performance targets for AIRN

4.39 Sound governance requires that agencies have a structured and regular system of performance monitoring and review, including appropriate performance targets.¹⁰⁶ The only specific comment made in the AIRN Instruction on the level of performance expected in relation to AIRN compliance is that all Army personnel are required to be ready always.

4.40 Given that the AIRN specifies a basic level of readiness reasonably expected of Army members, it is appropriate for Army to expect all of its members to continually strive to comply with the AIRN. However, there are a range of reasons why at a given point in time there will be members who do not satisfy one or more of the AIRN components. Accordingly, a performance target of all Army members being ready all of the time is neither practicable nor a useful measure of Army's management of individual readiness.

4.41 While the Instruction does not stipulate a performance target for the percentage of AIRN compliance that Army as a whole or individual units or formations of Army are required to achieve, during fieldwork the ANAO identified that some brigades and units had set their own AIRN performance targets.

¹⁰⁶ Australian National Audit Office, Department of Finance and Administration (2004), Better Practice Guide, *Better Practice in Annual Performance Reporting*, p. 1.

Commander 5 Brigade, as part of the *Brigade Preparedness Directive 2008–2010*, has directed that all units in 5 Brigade maintain a minimum AIRN compliance level of 70 per cent.

Further to this, the Commanding Officer of 21 Construction Regiment, a unit within 5 Brigade, has stated in the unit's *Force Preparedness Directive* that all sub units must maintain a minimum AIRN compliance level over 80 per cent at all times.

4.42 Army informed the ANAO that due to the complexity of individual readiness, it considers that performance targets of AIRN compliance for whole of Army are of limited value. Rather, performance targets and measures are best managed at the unit level where these complexities can be more easily communicated.

Reporting of AIRN data to Chiefs of Service Committee

4.43 The Defence Instruction (General) for individual readiness assigns broad strategic oversight of individual readiness to the Chiefs of Service Committee (COSC).¹⁰⁷ This Instruction requires the Chief of Army to report AIRN data to COSC as at March and September each year. Army advised the ANAO that reports have not been provided to COSC since June 2006. During this period, COSC has received indirect information on individual readiness through Army and Defence preparedness reporting. Furthermore, while the Army's AIRN Instruction envisaged that AIRN data would be used by Army Headquarters for operational planning purposes and reporting Army's level of preparedness, in practice it is mostly used by unit and sub-unit commanding officers to understand and monitor the readiness status of the members under their command and is not used by Army Headquarters.

4.44 In this circumstance, the strategic oversight functions relating to individual readiness as currently outlined in both Defence's and the Army's instructions were not operating at the time of audit fieldwork.

4.45 During the audit, a brief was prepared for the Chief of Army, dated 26 October 2009, informing Chief of Army of the AIRN statistics for 30 September 2009. This brief recommended that the Chief of Army amend the AIRN Instruction to remove the requirement for AIRN data to be reported to COSC biannually. However, without the COSC reporting requirements currently set out in the Defence Instruction (General) relating to individual readiness also having been amended in similar terms, Army's proposed

¹⁰⁷ Defence Instruction (General) PERS B/1/2005 *Australian Defence policy on individual readiness*.

amendment to the AIRN Instruction would not have the desired effect. This is because, where there are inconsistencies between the requirements of a Defence Instruction (General) and an individual Service's Defence Instruction, the Defence Instruction (General) prevails.

4.46 To provide appropriate accountability for AIRN performance and improve the usefulness of the information reported at both the unit level and at the strategic level, the ANAO considers that there would be merit in Army using more categories in its AIRN reporting than the current stark categories of *Ready* and *Not Ready*. For example, isolating members who have been assessed as *Not Ready* from those members who:

- are overdue for an assessment in the components requiring periodic reviews; and
- have a medical reason (including pregnancy) for not being assessed in, or failing to meet the requirements of a component.

4.47 Given that individual readiness contributes to Army preparedness, it is important that Army ensure appropriate AIRN performance information is provided to senior ADF managers. Noting the complexity and current limitations of the AIRN data, recommencement of reporting overall AIRN data to COSC, without implementing improvements to the categorisation and analysis of AIRN data, would be of limited benefit in appropriately informing these senior ADF managers. Accordingly the ANAO suggests that Army review, in light of the findings of this report, the approach to effectively reporting on Army individual readiness to COSC. The ANAO considers that there would be merit in Army Headquarters taking an active role in monitoring AIRN data and drawing critical matters to the attention of Chief of Army and/or Deputy Chief of Army.

Recommendation No.3

4.48 To improve visibility of the impact of individual readiness on Army preparedness, the ANAO recommends that Army Headquarters improve its monitoring, analysis and oversight of AIRN data and highlight critical matters to Deputy Chief of Army and Chief of Army.

Defence response

4.49 *Agreed.* A review of the system used to inform Chief of Army and Deputy Chief of Army will be conducted to confirm that current systems are improved. Chief of the Defence Force (through senior defence committees) will be informed of Army AIRN compliance at least twice per year. This will be synchronised with a review of current modifications to data management tools such as PMKeyS and HealthKeyS.



Ian McPhee
Auditor-General

Canberra ACT
16 June 2010

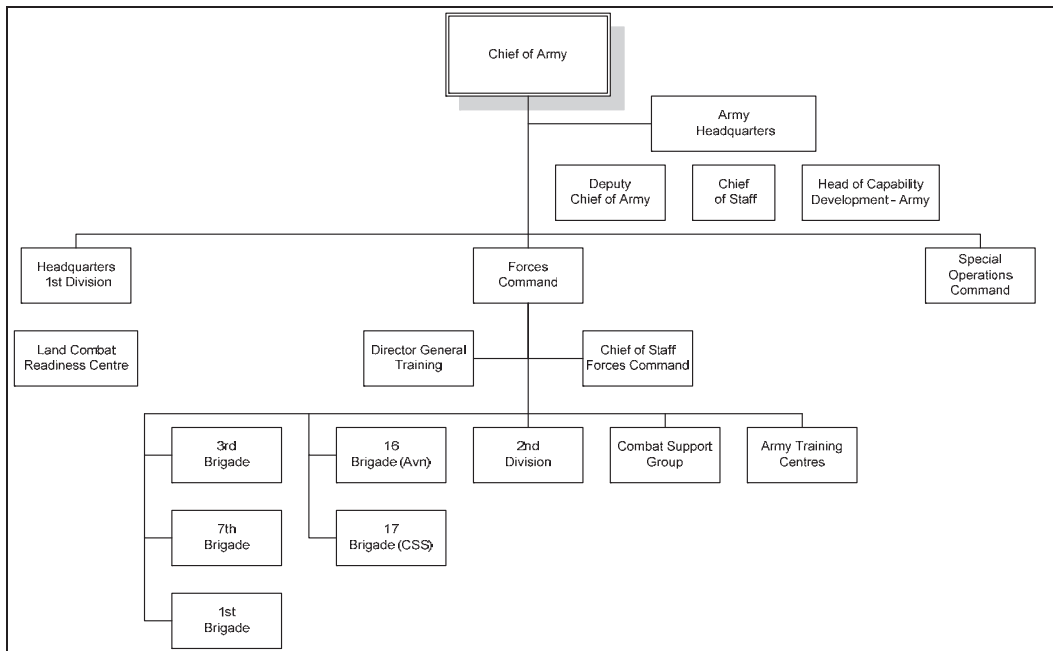
Appendices

Appendix 1: The Adaptive Army Initiative

- The initial phase of the Adaptive Army initiative has focused on organisational change. Figure A 1 depicts Army’s organisation structure as of December 2009 following the introduction of the initiative.

Figure A 1

Organisational Structure of Army as of December 2009



Source: An update on the implementation of the Adaptive Army Initiative, 7 May 2009.

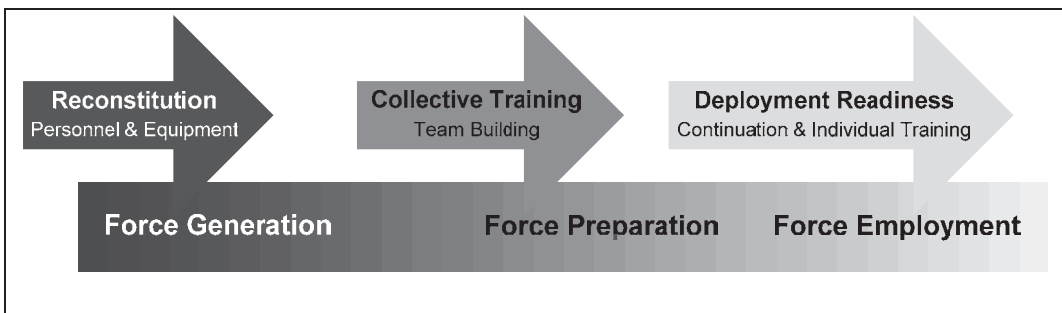
- Forces Command has the principal role of force generation using a single training continuum that brings together the majority of Army’s conventional individual and collective training (see Figure A 2). This continuum commences with ab initio training,¹⁰⁸ and progresses through individual and collective training and force preparation to produce force elements that are able to successfully conduct operations. Most of the Army is posted to Forces Command.

¹⁰⁸ The Latin term **ab initio** means *from the beginning*. Ab initio training is commonly referred to as recruit training.

3. Headquarters 1st Division has the principal role of force preparation, conducting higher level collective training for directed missions and contingencies. Special Operations Command retains its previous mission and functions, which include the responsibility to prepare, conduct mission rehearsal exercises and certify force elements for deployment on operations.

Figure A 2

The Australian Army Training Continuum



Source: ANAO analysis of Defence documentation.

4. Army's Functional Commands were replaced because they were seen by Army as, in part, poorly suited to:
 - helping Army learn from, integrate and retain lessons learnt from operations; and
 - fostering a culture of innovation and adaption within Army.
5. Both Special Operations Command and Headquarters 1st Division now cover short term learning (including matters such as tactics, techniques and procedures), while Forces Command focuses on medium term learning and doctrine development. Other elements of the Adaptive Army initiative aim to obtain more efficient material management processes and improve knowledge management within Army.

Appendix 2: Previous ANAO Audit Recommendations

Audit Report No.26 1999–2000 Army Individual Readiness Notice

Recommendation No. 1: The ANAO recommends that Army identify the annual cost of maintaining an Army Individual Readiness Notice (including costs associated with its assessment, recording and reporting) so that its cost effectiveness can be assessed.

Defence response: Agreed.

Recommendation No.2: The ANAO recommends that, if it is decided to retain and revise AIRN, Army ensure that all necessary changes to supporting policies are made and promulgated prior to its release and that its re-issue be accompanied by appropriate oversight, coordination, communication and funding.

Defence response: Agreed in principle.

Recommendation No.3: The ANAO recommends that Army review the provision of dental support to part time members and that this review aim to assess the risk that part time members would need to be deployed and the costs involved with various dental support options, including the provision of dental support upon call out.

Defence response: Agreed in principle.

Recommendation No.4: The ANAO recommends that Army:

- a) remove the requirement for members to complete the statement of availability and instead request that members advise their unit of any legal or compassionate encumbrances that would prevent them from fulfilling their service obligation under the Defence Act only when such encumbrances arise; and
- b) as part of mobilisation planning, detail how those members found to be unavailable when required for deployment are to be replaced.

Defence response: Not agreed.

Recommendation No.5: The ANAO recommends that Army review the need for the support measures attachment to the member's statement of availability and consider whether there would be more efficient ways of collecting data needed to assess members' requirements for deployability support.

Defence response: Agreed in principle.

Recommendation No.6: The ANAO recommends that Army review the AIRN components and establish operational levels of individual readiness for each component so that minimum or peacetime levels can be set that would allow the operational levels to be achieved in the specified notice period.

Defence response: Not agreed.

Recommendation No.7: The ANAO recommends that Army produce a comprehensive user requirement to aid in the development of an improved recording and reporting system that avoids the problems associated with the present system and provides users with individual readiness information appropriate to their needs.

Defence response: Agreed in principle.

Recommendation No.8: The ANAO recommends that, given the significant changes that have occurred in Army and in Australia's strategic environment since AIRN's initial development, Army now review the original AIRN objective to ensure that it is still appropriate and achievable and determine whether it is the most efficient and effective model for achieving individual readiness.

Defence response: Agreed in principle.

Audit Report No.45 2003–04 Army Individual Readiness Notice Follow-up Audit

Recommendation No.1: The ANAO recommends that Defence undertake appropriate system and business process upgrades and provide regular training to ensure that PMKeyS can accurately report individual readiness.

Defence response: Agreed.

Appendix 3: Changes to the AIRN Instruction

1. The AIRN Instruction has been revised four times since its introduction. The original AIRN Instruction specified a common baseline readiness standard for all members of Army Regular Army (ARA) and the Army Reserves (Reservists) linked to a deployment notice period of 30 days. The 2001 revision of the Instruction introduced a high individual readiness requirement for members on a readiness notice of 28 days or less and maintained a baseline individual readiness requirement for members on a readiness notice of more than 28 days. The 2004 revision of the Instruction returned to the common baseline approach and the policy has remained that way ever since.
2. Army revised the AIRN Instruction again in 2006 and, most recently, in 2008. The most substantive change in these amendments is to the medical and dental fitness requirements and to the definition of short notice for deployment. The requirements for the employment, weapon proficiency, physical fitness and availability components have remained largely unchanged. Table A 1 summarises the substantive changes to the AIRN policy since its inception.

Table A 1

Evolution of AIRN policy

AIRN Instruction	Substantive changes to Instruction
1997 <i>Original Instruction</i>	<ul style="list-style-type: none"> • Introduced a baseline readiness standard linked to a deployment notice period of 30 days. • Medical fitness assessed by a doctor every three years for members younger than 35 years, and annually for members 35 years or older. • Dental fitness assessed every two years.
2001	<ul style="list-style-type: none"> • Introduced a Baseline Individual Readiness (BIR) standard for members on a readiness notice of more than 28 days, and a High Individual Readiness (HIR) standard for members on a readiness notice of 28 days or less. • Definition of short notice period was reduced from 30 to 28 days. • Dental fitness assessed every five years for BIR members and annually for HIR members.

AIRN Instruction	Substantive changes to Instruction
2004	<ul style="list-style-type: none"> • BIR and HIR standards removed, policy returned to the common baseline approach of the original Instruction. • Medical fitness assessed annually for all members either during an Annual Health Assessment conducted by an Army medic or nurse, or every fifth year, during a Comprehensive Physical Health Examination conducted by a doctor. • Dental fitness assessed annually for ARA members and every five years for Reservists.
2006	No substantive changes to the instruction.
2008	Definition of short notice removed.

Source: ANAO analysis of Defence documentation.

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