

THE RETURNED & SERVICES LEAGUE OF AUSTRALIA LIMITED

NATIONAL OFFICE

ABN 63 008 488 097

Joint Committee Foreign Affairs Defence and Trade Defence Sub-
committee Inquiry into the Defence Annual Report 2013/14

SUBMISSION

BY

The Returned & Services League of Australia

Introduction

The National Board and Members of the Returned & Services League of Australia (RSL) welcome the opportunity of making a submission to the Defence Sub-Committee of the Joint Standing Committee on Foreign Affairs & Trade into the Department of Defence Annual Report 2013-14 (DAR 13/14).

The RSL has a proud record of consistent support for the men and women of the Australian Defence Force (ADF) and of the need for Australia to maintain an adequately financed, fully manned, highly effective and fully combat capable defence force able to be deployed rapidly in harm's way in high intensity war to protect the nation. The freedoms and liberty Australians enjoy in our vibrant democracy are too precious to be put at risk. They have been protected and preserved by the sacrifices of many and must never be taken for granted.

Committee Terms of Reference

The RSL acknowledges the importance of the civilian component of the Defence organisation, supports the leadership diarchy concept and respects that DAR 13/14 covers the totality of the organisation. That said, this submission comments only on the ADF.

It addresses the issues identified in the Terms of Reference for the Inquiry but because of their fundamental importance commences with comment on ADF personnel matters such as remuneration.

Personnel Matters

Remuneration of the ADF

In Chapter 8 of DAR 13/14 under the major heading Remunerating People and the sub heading ADF Remuneration it is noted that "the independent Defence Force Remuneration Tribunal established under Section 58H of the Defence Act 1903 is responsible for setting pay and pay-related allowances for ADF members". Thereafter the report notes that the ADF Workplace Remuneration Arrangement 2011-2014 was a "key component of the ADF remuneration framework and is consistent with the Government's broader workplace relations policies."

DAR 13/14 then asserts that "the arrangement is part of the ADF remuneration initiative aimed at attracting and retaining military personnel..." It goes on to assert that "the Workplace Remuneration Arrangement increases salary and salary related allowances in return for improvements in organisational efficiency and productivity."

The RSL has concerns about some of these assertions.

One is that the Defence Force Remuneration Tribunal (DFRT) is perceived as being only nominally independent.

Another is the assertion that the Workplace Remuneration Arrangement (WRA) is part of the ADF remuneration initiative aimed at attracting and retaining military personnel.

The ADF Opinion

RSL soundings from ADF personnel before and after this pay case was heard in 2011 indicated dissatisfaction with what was put before the DFRT in a case agreed both by the ADF leadership and the Australian Public Service Commission representing the Government. In making this point the RSL reminds the Committee that thousands of ADF members are also members of the RSL. It is also pertinent that other ADF conditions of service such as housing are a considerable factor in seeking to attract and retain ADF personnel.

Independence of the DFRT

Although legislation established the DFRT as independent, it is reasonably perceived that the Tribunal's independence has been compromised by successive Governments of different political persuasions requiring that ADF WRA cases be agreed by the ADF leadership representing service personnel and by the Public Service Commission representing the Government before they are put to the DFRT. This was the case for WRA 2011-2014 and again, more recently, for WRA 2014-2017.

The point the RSL makes is that the DFRT needs not only to be independent but to be perceived by the men and women of the ADF as independent. Though it is possible for the DFRT to come to a finding which is at odds with "agreed" cases put before it, this is highly unlikely. The Tribunal must make findings based on the evidence put before it and when both the ADF and Government present agreed evidence there are scant grounds upon which the Tribunal could find otherwise.

There are two other major disadvantages of presenting "agreed" cases. The first is that it constrains the Chief of the Defence Force (CDF) from acting in the best interests of the men and women in the ADF. As was clearly demonstrated in the public backlash against the DFRT findings in the 2014 WRA pay case, service personnel considered the ADF leadership was unable to put forward their legitimate claim for a pay increase to recompense them for their increased cost of living.

The second disadvantage is that a key reason for establishing the DFRT, the removal of pay setting for ADF members from party politics, has been compromised. During the long period at the end of the last century where cases put before the DFRT were contested, there were few if any politically controversial ADF pay case outcomes. All sides of politics respected the fact that the DFRT was a neutral, independent umpire. This is no longer the case. It is not credible for any Government to claim that it is not responsible for ADF pay outcomes when successive Governments have required WRA cases going to the DFRT be previously "agreed".

Nor is there any validity in the argument that major ADF pay cases must be "agreed" before being placed before the DFRT for decision so as to ensure compliance with Government pay setting policies. The legislation makes clear that in arriving at its decisions the DFRT must take account of the incumbent Government's wage and salary fixing policies.

Finally it is worth recalling that the men and women of the ADF are quite different "employees" from any others paid by the Commonwealth. They may not withdraw their services either for personal or collective reasons. They must obey their superiors even at the risk of their lives. They must work whenever required so to do and have constraints on their personal lives not

imposed on others. To equate their pay fixing to the work place arrangement model used in the last two pay cases is to attempt to do the impossible – to liken them to all other Commonwealth employees.

The RSL contends that the practice of presenting ADF pay cases as work place arrangements demanding evidence of such matters as improvements in productivity and organisational efficiency as justification for increases in remuneration is a travesty of the military ethic. Men and women of the ADF engaging the enemy are oblivious to civilian workplace benchmarks. They fight for our nation, our freedoms, their families, their mates and their lives. They do not fight for pay rises linked to productivity increases or improvements in organisational efficiency.

For these reasons the RSL urges abandonment of the practice of requiring the ADF to agree major pay cases with the Department representing the Government before they are presented to the DFRT.

Attracting and retaining ADF personnel

The heart and soul of the ADF are the men and women who together make up the force. Attracting Australians of the calibre needed by our armed forces to be fully effective when sent in harm's way requires certainty that their conditions of service will be appropriate and assured over their periods of service.

Retaining trained and experienced members of the ADF is essential for the ongoing fighting effectiveness of the ADF. It is also economically sensible. The taxpayers' investment in recruiting, training and developing the experience of each member of the ADF is very significant. Common sense suggests that the nation should do all that is reasonable to retain each member of the ADF until such time as there has been a reasonable return on this investment.

Housing for the men and women of the ADF and their families is a key factor in the ongoing quest to retain effective and experienced members of the ADF. This is of particular importance when the exigencies of service life demand relatively frequent geographic relocation. ADF members posted from one locality to another have the reasonable expectation that the availability and quality of service housing will be as good as or if not better in the new locality than in the area they leave.

The housing outlook for ADF members has improved over the past couple of decades due in part to the establishment of the Defence Housing Authority (DHA). This entity has a wealth of knowledge and experience about the needs of ADF personnel and seeks to meet their expectations. As the makeup of service families change so too do their accommodation needs. This is not to state that the DHA always meets expectations. Housing stocks inevitably lag behind changes in the makeup of service families and the ongoing quest of all involved is for continuous improvement.

The RSL has monitored the housing situation for members of the ADF for decades and is in no doubt that the retention of the DHA as a government entity will continue to assist the retention of ADF personnel. The RSL has made it known to those charged with investigating whether the DHA should be sold to private enterprise that there is no compelling evidence supporting such a change. To the contrary, the evidence is that the housing needs are being met in a cost effective manner by DHA, an organisation focused on the needs of ADF members and not on the demands of shareholders.

Critical categories of employment

The RSL supports the initiative of the Services allowing for varied pay rates to promote retention in those parts of the ADF with critical shortages. In giving effect to this measure it will

be important the Chiefs of Service have the flexibility to adjust quickly and have the authority to act as circumstances dictate. Financial offsets will need to be identified to allow for this expenditure. An offset which commends itself to the RSL is money which could be recouped by significantly reducing the numerical size of the ADF leadership group.

In promoting this option the RSL accepts that a small part of the growth of the number of star rank officers in the ADF over the past two decades has been due to their secondment to areas other than Defence and to star rank officers filling positions in allied or coalition headquarters in overseas areas of operations. Despite these considerations the size of the ADF leadership group appears to be out of all proportion to the numerical size of the ADF.

DAR 13/14 Table 8.1 lists the numerical strength of the ADF as 57,036. Table 8.17 shows that the star rank officers leading this modestly sized defence force include 9 officers holding three star rank and 43 officers holding two star rank and 137 officers with one star rank. By any yardstick this is far too large a leadership group for a numerically modestly sized defence force.

Recruiting and employment of women

The RSL notes the shortcoming that DAR 13/14 does not appear to include statistics about the recruitment of women into the ADF. This is unfortunate given the stated intention of the ADF to be proactive in recruiting women and in opening all employment categories to women.

Table 8.17 of DAR 13/14 notes there are only 13 women out of 190 star rank officers in the ADF. The RSL trusts that this number will rise over time and encourages the leaders of the ADF to take whatever actions are needed to foster the prospects of more women joining the senior ADF leadership group.

Cultural reform and the Pathway to Change

The RSL commends the ADF leadership for the progress that is being made in establishing diversity in the membership of the ADF. Increased recruitment of indigenous Australians and cultural reform in all the services are welcome developments.

Reserve Policy and Project Suakin

The integration of the Air Force and Navy reserve forces into the whole force has been a significant and welcome development. So too has been the acceptance of Project Suakin which has been supported consistently by the RSL during its development.

Military Justice

The current system of military justice may not be ideal but it is constitutionally safe. More to the point, trials by Courts Martial are well understood and respected. Though they are not jury trials they are trials by more than one person. Restricted Courts Martial are comprised of a minimum of 3 persons and General Courts Martial are comprised of a minimum of 5 persons. As such Courts Martial have come to be accepted as *de facto* jury trials.

The RSL will continue to try to persuade those elected to the Australian Parliament to ensure that any change to Australian military justice legislation mirrors to the extent possible the norms of Australian civil law and that it is not in conflict with or perceived to be in conflict with the Constitution of the Commonwealth of Australia. In making this point the RSL affirms its continued opposition to the formerly failed legislation known as *The Military Court of Australia Bill 2012*.

The RSL contends that any change to the system of military justice in Australia must avoid any possibility of serious service charges being tried by persons appointed as Military Judges acting alone. Such a possibility is so at variance with the norms of justice in the nation as to be dangerous.

First Principles Review

The RSL accepted the invitation to forward a submission to the First Principles Review Committee (*Attachment 1*) and commends this document to the Defence Sub Committee undertaking this inquiry.

The 2015 White Paper and Force Structure Review

The RSL accepted the invitation to forward a submission (*Attachment 2*) to those charged with compiling the 2015 Defence White Paper and Force Structure Review and commends these documents to the Defence Sub Committee undertaking this inquiry.

Capability developments and major projects

The RSL National Defence Committee with a membership including former ADF star rank officers and whose Deputy Chairman is a member of the RSL National Board seeks to ensure that the RSL National President and National Board are kept current to the extent possible given security considerations, about ADF capability developments.

One major capability development of considerable concern to the RSL is the future submarine project. RSL concerns include:

- the need for a competitive tender process and that to the extent possible this be sufficiently transparent to gain and maintain public support
- the need to thoroughly compare competitive overseas submarine designs taking account of strengths and weaknesses in meeting the ADF requirement for future submarines
- the essentiality of ensuring a skills transfer program is a part of any contract with an overseas submarine designer or builder
- recognition of the importance of ensuring that any overseas designed or built submarine is able to be sustained through life in Australia and that it would not be subjected to interruptions in the supply of essential parts due to unforeseeable changes in international relations
- acceptance of the essential need for Australia to acquire a comprehensive locally based technically expert team able to ensure future submarines are kept operational
- the wisdom of planning to cope with challenges in cooperatively developing high technology defence equipment with nations whose cultures and languages are significantly different from Australia.

Rear Admiral Ken Doolan AO RAN (Retd)
National President
The Returned & Services League of Australia
3 February 2015

ATTACHMENT 1



THE RETURNED & SERVICES LEAGUE OF AUSTRALIA LIMITED

NATIONAL OFFICE

ABN 63 008 488 097

FIRST PRINCIPLES REVIEW

SUBMISSION

BY

The Returned & Services League of Australia

Introduction

The Returned & Services League of Australia (RSL) welcomes the opportunity of providing a submission to the First Principles Review of Defence.

The RSL remains committed to the need for Australia to maintain a fully combat capable Australian Defence Force (ADF), capable of being deployed at short notice to engage in high level intensity warfare in defence of the nation or as part of an allied force. To achieve this aim it is essential that the ADF is supported by sound policies and structures based on efficiency and effectiveness. This will only come about by continual review of principles that underpin the way the ADF functions.

In recent submissions the RSL has commented that whilst we accept that in normal circumstances Australia's economic circumstances must always be a fundamental determinant when deciding upon the level of funding appropriated for the defence of the nation, we are pleased the Government has committed to growing the Defence budget to two per cent of Gross Domestic Product (GDP) within a decade.

Additional to the matters the RSL has included in our 2015 Defence White Paper submission there are subjects relating to the First Principles Review on which we have a view.

Defence Materiel Organisation

The policy change which established the Defence Materiel Organisation (DMO) is an issue the RSL deems must be considered in the 2015 Defence White Paper. In particular the White Paper should include analysis as to whether the hoped for efficiencies of establishing this organisation have been achieved; assessment as to whether its position within the governance arrangements for the Defence organisation is appropriate for the future; a judgment by key stakeholders as to its cost effectiveness; and an appraisal as to whether the perception that its management structure is too top heavy is valid.



Provided that the results of the analysis we recommend do not find to the contrary, the RSL contends that the DMO be reintegrated into the Defence Organisation. A major reason for taking this stance is that if implemented in the way we envisage it will return to the Chiefs of Army, Air Force and Navy the authority they must have in the decision making process about Defence major capital equipment decisions including control over Defence major capital equipment projects.

ADF Personnel

The RSL asserts that the special nature of defence service has to be recognised and accepted as the key factor in determining all conditions of employment for members of the ADF and for their subsequent through life support. Remuneration of ADF members must take account of the special nature of military service, the skill levels required and represent fair recompense for the value of the work carried out by ADF individuals at various rank levels.

Military Remuneration

We contend that current arrangements for determining ADF pay and allowance issues are neither efficient nor effective. Of greater importance is our contention that they are not fair to the men and women of the ADF.

The Defence Force Remuneration Tribunal (DFRT) was established in the 1980s as an independent body charged with making judgements on pay and allowance cases. For the first decade and a half of its existence the DFRT was perceived as being a neutral umpire in pay and allowance cases brought before it. This was because most cases were contested with the Commonwealth arguing the employer case and the Chief of the Defence Force arguing the employer case. In addition Government wage setting policy was quite correctly an important part of the process with the Tribunal being required to take this into account when coming to decisions.

In recent years this hitherto well accepted arrangement has changed so that in almost all pay and allowance cases the DFRT is presented with an “agreed” case. This has resulted in consternation by ADF personnel who perceive their conditions of service as being whittled away by a pay fixing system which perceptively sidelines the independent umpire, the DFRT.

If a repeat of the severe disquiet about ADF pay fixing arrangements which arose in the early 1980s (and which led to the creation of the DFRT) is to be avoided, current inefficient, ineffective and unfair pay setting arrangements must be changed.

Senior Staff

The 2014 National Commission of Audit reported, “Since 2000 the number of public service senior executives in Defence has grown by 63 per cent (from 103 to 168) and the number of serving star ranked officers by 58 per cent (from 120 to 190). Since 1996 the number of three-star officers (lieutenant general equivalent) has grown from four to seven, while the number of deputy secretaries in Defence has increased from four to 14”¹.

The *Budget Review 2014–15, Defence Personnel*, by Dr Nathan Church, highlighted the National Commission of Audit’s mention of the significant increase in the number of senior managers within the Defence organisation and made mention this is also a concern of other defence commentators².

¹ <http://www.ncoa.gov.au/report/phase-one/part-b/7-8-defence.html>

²

http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201415/DefencePersonnel

The inequity in senior officer numbers has been an observation of the RSL. There is concern the number of senior staff has increased at an unwarranted rate. In 2003 the number of two and three star rank officers stood at 27 with this number increasing to 46 in 2013. The RSL believes “tooth-to-tail” ratio is an issue that should be regularly monitored and controlled. The importance of maintaining a reasonable combat-to-support level is a well-respected benchmark in seeking to achieve an effective defence force.

Staffing levels

The 2014 National Commission of Audit report emphasised the view that “staffing in Defence Headquarters, including the numbers of star-ranked and Senior Executive Service officers, should return to the 1998 level”. The report also states, “It is not clear that Defence Headquarters in Canberra has the capacity to drive efficiency and better policy outcomes as the organisation has grown more complex and top-heavy over the years”. It appears the Australian Government may agree with this recommendation and are acting on it by the Department of Defence forward budget decreasing the Australian Public Service (APS) workforce each year up to, and including, the 2016-2017 Financial Year.

Accountability

The RSL notes another recommendation of the 2014 National Commission of Audit is that, “Department of Defence should be required to monitor and publish information on the number of personnel in the combat force, Defence headquarters and support roles. A particular focus should be the ratio of the combat force to other personnel.”

While the RSL would support such a move it should only be undertaken if there is assurance that the funds needed to achieve it will lead to the greater efficiency and effectiveness of the ADF combat capability.

Wages

The RSL encourages the ADF to continue to simplify the complicated allowances provided to Defence personnel and continue to support the workplace reform, Project Suakin, which is addressing greater flexibility within the ADF workforce.

Rear Admiral Ken Doolan AO RAN (Retd)

National President

The Returned & Services League of Australia

29 October 2014

ATTACHMENT 2



FOUNDED
IN 1916

THE RETURNED & SERVICES LEAGUE OF AUSTRALIA LIMITED

NATIONAL OFFICE

ABN 63 008 488 097

2015 AUSTRALIAN DEFENCE WHITE PAPER SUBMISSION

BY

THE RETURNED & SERVICES LEAGUE OF AUSTRALIA

EXECUTIVE SUMMARY

The Price of Liberty is Eternal Vigilance.

No words can better describe the ethos of the Returned & Services League of Australia (RSL) or the seriousness with which our members take the obligation of Australian Governments of ensuring the ongoing security and defence of our nation and the Australian people.

The RSL has a proud record of consistent support for the men and women in the nation's armed forces and of the need for Australia to maintain an adequately financed, fully manned, highly trained, highly effective and fully combat capable Australian Defence Force (ADF). The freedoms and liberty Australians enjoy in our vibrant democracy are too precious to be put at risk. They have been protected and preserved by the sacrifices of many in earlier generations and must not be taken for granted.

Members of the RSL take this opportunity of reminding our fellow citizens of the enduring need for the nation to be ever ready to defend our sovereignty and to remain vigilant. We also remind those in political office that the primary responsibility of any Australian Government is to ensure the safety and security of the nation and its people.

The international strategic outlook continues to be uncertain and the prospect of Australia becoming involved in wars or lesser conflicts at very short notice remains a real prospect for the foreseeable future. It is for these reasons that the RSL urges those elected to the Australian Parliament to ensure adequate provision for the defence of the nation.

The RSL submits it is essential that the 2015 Defence White Paper provides a credible blueprint for the defence of Australia and its people, and that the force structure to achieve this be akin to that specified in the *2009 Defence White Paper* which the RSL supported.

We also submit that funding for the defence of the nation be set at a realistic level in terms of the nation's gross domestic product and that this level be stabilised over the years. The ongoing security of the nation is put at risk by the adoption of Australian governments of significant annual variations to Defence appropriations made primarily for short term budgetary reasons. Sustained levels of Defence funding based on a pragmatic appreciation of the nation's financial well-being are essential if optimum defence outcomes are to be achieved.



The fundamental role of the men and women of the ADF, in providing for the nation's ongoing security, demands that the 2015 Defence White Paper asserts this face. Moreover it is essential that this be accompanied by a comprehensive plan as to how ADF personnel and their families are to be remunerated, provided with conditions of service and cared for after service when wounded, injured or ill as a consequence of that service.

KEY QUESTIONS

What are the main threats to, and opportunities for, Australia's security?

For the foreseeable future the main threats to the nation's security can be summed up as:

- an uncertain global strategic security outlook;
- a bleak economic forecast for some nations hitherto considered stable;
- the rise of suddenly developing mass civil disobedience movements enabled by social media causing governments to fall;
- ongoing tensions caused by nuclear proliferation and territorial disputes; and
- the rise of ISIS and other militant religious based movements.

The opportunities presented by these threats include planning for the defence of the nation on factors such as:

- judicious use of Australia's favourable strategic geographic location and lack of land borders;
- enhancing the nation's international diplomatic, trade, and economic efforts through international bodies and in particular the nation's inclusion from time to time as a member of the United Nations Security Council;
- maintaining and developing formal security, military and economic alliances and treaties with allies and likeminded nations; and
- allocating a steady and reasonable percentage of the nation's gross domestic product (GDP) to fund the acquisition and maintenance of a fully effective high level combat capable Australian Defence Force (ADF) able to operate for sustained periods in the air, on land and on and under the sea, and capable of being deployed in harm's way at very short notice;
- maintaining a permanent and effective reserve force of men and women trained and equipped to go into combat at very short notice;
- ensuring the availability and effectiveness of ADF personnel by the provision of adequate levels of remuneration and other conditions of service commensurate with their skills;
- ensuring adequate through life support in terms of superannuation for service rendered by members of the ADF, compensation for injuries sustained whether physical or mental, and rehabilitation and repatriation benefits;
- recognising and providing support for the families and dependants of ADF personnel without whom there cannot be an effective fighting force;
- accepting it is not possible to maintain a credible ADF without sustained long term resourcing and long term planning quarantined from short term economic and/or other considerations; and
- retaining the strong support of the Australian community for the ADF and the wider Defence community.

Are Defence's policy settings current and accurate?

The *Defence Issues Paper 2014* states that "Australia's defence policies must deliver an ADF that can affectively protect Australia from direct attack, of whatever form, and be able to secure and advance our interests". The RSL supports this aim.

The RSL is on record as backing the funding model put forward in the *2009 Defence White Paper*. In particular we welcomed the decision to fund defence into the longer term at a sustained level helped by reinvesting savings from the *Strategic Reform Program*. This was a far sighted pragmatic decision which should not have been overturned.

It is our strongly held position that the Australian Government must make a binding long term commitment to fund defence into the future at a sustained percentage of GDP. It is encouraging that, as stated in the *Defence Issues Paper 2014*, the 2014–15 Defence budget is \$29.3 billion, representing 1.8 per cent of Australia's GDP and over 7 per cent of Government spending, with the Government planning to raise spending to 2 per cent of GDP by the 2023–24 financial year.

What defence capabilities do we need now, and in the future?

The future force structure put forward in the *2009 Defence White Paper* was and remains supported by the RSL.

The RSL considers the acquisition of defence equipment incompatible with existing resources to be ill advised as it is likely to be a major drain not just on training and personnel but also on logistic support and overall operating expenditure. The RSL cautions against opportunistic "cheap" acquisitions of defence platforms. They are usually only "cheap" because vendors and their national governments understand that through life support is highly likely to return a handsome dividend over many years.

How can we enhance international engagement on defence and security issues?

The RSL has long supported the ongoing strategic engagement with the USA not least because it has the potential to also provide compatibility and interoperability of combat platforms and equipment. In our 26 March 2004 submission to the Commonwealth Parliament's Joint Standing Committee on Foreign Affairs Defence and Trade, concerning Australia's defence relations with the United States, we noted that "Australian governments of all political persuasions have supported a policy of ensuring that significant elements of the Australian Defence Force structure are interoperable with the forces of our major allies and are easily adaptable for coalition operations. Recent events ... have demonstrated the benefits of this policy. For these reasons, the RSL continues to support this policy".

Though the RSL welcomes the commitment by the USA to "re-balance" in the Indo-Pacific region (known as the Pacific Pivot), prudence suggests Australia should not be overly optimistic about its implementation as there appears to be little definition of what is involved. We note that in June 2013, US Congressman Randy Forbes, Chair of the House Armed Services Committee stated, "...the US will not be able to achieve a significant military rebalance to the Asia-Pacific now...Resourcing our long-standing Asia-Pacific strategy in a manner that continues to ensure a favourable balance of power to the rules-based order is a difficult task, especially given the severe defence budget reductions under sequestration. These cuts have hobbled the military's ability to conduct long-term planning, further complicating the Asia-Pacific."³

³ The Interpreter, Lowy Institute, by James Brown, 5 June 2013.

Recently, US Army Col. Bryan Truesdell, a former fellow at the Asia-Pacific Center for Security Studies in Honolulu, authored an analysis of the military's role in the rebalance. He said "America's Asian partners look at actions more than rhetoric in judging the endurance of the rebalance. As to whether Iraq — and possibly the Ukraine region — will siphon off resources that otherwise would have been devoted to Asia the jury is still out, but the U.S. is still projecting its national power into the region economically, diplomatically and militarily"⁴.

In this context the current international situation and the commitment of the USA to the Middle East region raises the question of available resources the USA might be able to deploy to focus adequately on the Indo-Pacific region. The 2015 Defence White Paper must take into consideration that Australia is a major power in this region and therefore must take a lead.

Notwithstanding the enduring intelligence cooperation between Australia and the USA and other close allies, the Australian Government should keep open the option of expanding intelligence cooperation with other nations particularly in the Asia Pacific region.

In the RSL's 2013 Defence White Paper submission we noted that the inclusion of foreign students in defence education and training is an essential component of international engagement and the development of a 'soft power' for Australia.

What should the relationship be between Defence and defence industry to support Defence's mission?

The RSL supports the promotion of the national security benefits of maintaining viable national defence industries and defence research establishments. We contend that Australian Defence Industry (ADI) must be nurtured and encouraged as an essential part of the nation's defence capability, to support the Australian economy and to provide jobs for Australians. We also contend that research into key aspects of defence with the potential to advance technology and hence provide the ADF with a war fighting advantage when sent in harm's way is vital. Such research has the additional advantage of providing Australian defence planners with up to date advice about world's best practice in the realm of defence and security preparedness.

The RSL believes it is important that the ADI must be provided with a fully funded feasible 10 year Australian Defence Capability Plan on which to base their investment plans.

There is a need to strike a pragmatic balance between encouraging and supporting the ADI to invest in and produce defence equipment both for use by the ADF and for export; and discouraging the ADI from investing in or producing defence equipment readily obtainable at considerably less cost from overseas suppliers which meets the performance and operational requirements of the ADF. One measure to encourage this engagement is for the ADF and the ADI to develop an exchange program allowing and encouraging members and employees to work in and understand other experiences in their working or operating spaces.

In making judgements about ADF equipment acquisitions the force should not be provided with less than optimal capabilities because of a rigid policy of supporting local industry. Of equal importance is the complementary factor of being able to sustain

⁴ <http://www.stripes.com/news/pacific/mideast-flare-up-budget-cuts-could-affect-pacific-pivot-1.304295#.VCSKnBZltQM.twitter>

capabilities in-country even though they may have been acquired overseas. Foreign Military Sales (FMS) acquisitions are a case in point.

The RSL contends there is a need to identify those industry capabilities essential to support defence capabilities and to give them the same status in capability policy decision making as the Fundamental Inputs to Capability (FICs) that are internal and are required to formally input to the decision making process.

A comprehensive process needs to be put in place at the strategic level to engage with ADI. This will require a major rethink and cultural change in the Defence Organisation that would be very different from the monopolistic customer mentality the RSL perceives as pervading the capability development and acquisition environment. The RSL understands there are some close collaborative relationships at the operational level particularly in capability sustainment, but that this pragmatic situation is far from universal even at that level. The RSL perception is that it is effectively non-existent at the strategic level.

The policy change which established the Defence Material Organisation (DMO) is an issue the RSL considers must be considered in the 2015 Defence White Paper. In particular the White Paper should include analysis as to whether the hoped for efficiencies of establishing this organisation have been achieved; and assessment as to whether its position within the governance arrangements for the Defence organisation is appropriate for the future; a judgment by key stakeholders as to its cost effectiveness; and an appraisal as to whether the perception that its management structure is too top heavy is valid.

The RSL fully supports the policy of maintaining and sustaining those nationally based industries and research establishments producing key defence equipment such as electronic warfare and cryptographic devices and research in this area where defence exports must be limited for national security reasons to only the most trusted allies.

How should Defence invest in its people, and how should it continue to enhance its culture?

Personnel

The RSL maintains the undeniable fact that service in the ADF differs in all its fundamentals from all other forms of Commonwealth employment. Various Acts of the Australian Parliament over many years attest to this reality. The RSL asserts that this special nature of defence service has to be recognised and accepted as the key factor in determining all conditions of employment for members of the ADF and for their subsequent through life support.

The RSL supports the implementation of Project Suakin, an ADF workforce model to establish and maintain a successful workforce strategy, on the basis that it:

- facilitates both organisational and member flexibility in order to deliver defence capability requirements;
- provides appropriate opportunity to all its members;
- reflects the diversity of the Australian community; and
- makes best use of ADF Reserve skill sets both military and civilian.

The retention of experienced ADF members, both permanent and reserve, is a matter the RSL would like to see addressed in the 2015 Defence White Paper. This can only be assured if the conditions of service and retention initiatives reflect their trained value to the ADF. Of utmost importance is the need to ensure that the experience gained by those involved on active service is not lost. The funds to allow flexible solutions for the

retention of individuals with particular skills and the empowerment of the Chiefs of the Navy, Army and Air Force to vary employment packages as they see fit to retain individual members of the ADF is essential.

Other extant conditions of service, which in our opinion militate against retention, include difficulties in obtaining adequate childcare that reflects the demands made on military families; and inadequate balances between forms of housing (standard houses or apartments) as current stock does not adequately reflect changing social norms and differing family structures. We suggest the allocation of funds to rectify these impediments to retention.

Remuneration of ADF members must take account of the special nature of military service, the skill levels required and represent fair recompense for the value of the work carried out by ADF individuals at various rank levels. It is also important adequate funding be provided to assist departing ADF personnel to train for post-separation employment.

Superannuation

The RSL welcomes the changes to the way that superannuation is now to be offered to the members of the ADF, particularly as most members of the permanent ADF serve for only seven years in uniform. However, as the new fund develops we are interested in the details of the ADF contribution in times of warlike conditions as opposed to regular service, how any retrospective contributions are made should a member's service situation change and other specifics.

The current Military Superannuation and Benefit Scheme (MSBS) is soon to be non-compliant due to the large take-up rate and it will soon reach its limit of 10 per cent. As part of the Government's plan to provide flexible working conditions under Project Suakin the new military superannuation arrangements will allow members to choose their fund and give them the ability to transfer their accumulated benefits to a new fund should they leave the ADF. This will be established through legislation and will not be a public fund, with contributions based on complete earnings (OTE) including allowances.

Diversity

The RSL acknowledges and commends the ADF on its achievements in being recognised by the 2014 Australian Human Resources Institute (AHRI) Inclusion and Diversity Awards in the category of Inclusive Workplace of the Year, and the Royal Australian Air Force Directorate of Aboriginal and Torres Strait Islander Affairs nominated for its efforts in Indigenous employment.

We encourage the 2015 Defence White Paper to establish diversity in the workforce as a goal for the ADF, addressing community norms of all types of diversity.

Health

The RSL is pleased to note the new ADF Family Health Program in which all registered members and their families are reimbursed the gap expenses between GP fees, specialist consultations and the Medicare rebate. A concern we have is that problems may arise when on discharge and on turning 31 a member's spouse may incur a lifetime of health loading as only the ADF member is exempt from the Lifetime Health Cover loading. This would mean that the spouse could be liable for the loading. This needs to be communicated broadly to avoid lifetime health loading or a system needs to be put in place whereby the spouse automatically transits over to the under 31 health loading.

The RSL welcomes improvements in the ADF Mental Health system but urges it be fully funded, ongoing, and easily available to current and separated ADF members. Noting that

mental health issues often arise after separation from the ADF, there is a need for Ex-Service Organisations (ESOs) to be properly supported in their role in the provision of direct support to ex-service people. Emphasis must also be placed on education for health providers in the wider community to identify and support those at risk post-discharge and not visible to Department of Veteran Affairs.

There are two particular health issues worthy of mention. The first is the ADF health contract for specialist medical services. The RSL is aware of ongoing concern from members of the ADF about the services being provided under this contract and suggests that policy in the 2015 Defence White Paper should specify parameters for the future provision of specialist medical service to the men and women of the ADF.

The second is the removal of Regimental Medical Officers from front line Army units. The Regimental doctor is a vital member of the leadership team and is essential for the maintenance of a healthy unit. They have been removed in favour of large medical centres where soldiers see whoever is on duty and when they deploy the doctor is whoever is available. Due to the unique medical and psychological problems which can occur in front line units, continuity of medical support is vital.

Both these matters are raised in the context of ensuring the maintenance of an effective combat capable fighting force. The RSL acknowledges that the cost of providing medical services has to be part of the equation but contends that it is but one factor amongst many when making judgements about how best to ensure the men and women of the ADF have the best possible medical support in both war and peace.

Defence families

Defence families are a part of the wider community, attending schools, participating in sporting activities, and working in the community. Social support for ADF is not sought on the basis of a demographic not being able to access community support and services themselves. It is needed to support the special nature of service and defence life; and to provide understanding and shared meaning based on the life of service that is required of defence people and their families which has no parallel in any other form of employment.

The RSL holds the view that the definition of Defence families must be broad and include spouses, widows, partners and children. It should also comprehend that those who have been wounded, injured or are ill as a consequence of their service in the ADF may rely on supporters who though not strictly family by the usual definition nonetheless are akin to family in the ongoing support they sometimes provide over decades to the afflicted.

Families seek connection to the defence community for common ground and understanding and seek support from Defence for understanding and to help them manage lives that are being affected by defence requirements.

The RSL will continue to work with the families of current and former members of the ADF to address this challenge and strongly encourages the 2015 Defence White Paper to commit to supporting Defence members and their families in accessing government services and building strong social and community networks.

Defence Housing

Under Defence Housing Australia (DHA), the standard of housing for ADF families has improved markedly and rental rates are appropriate. With little on-base accommodation, changing demographics in the ADF and lifestyles in the community, there has been a shift in members living requirements in their younger years with many more seeking accommodation close to employment and childcare facilities and avoidance of long

commutes (for both the member and partner who seeks proximity of employment opportunities). For these reasons the RSL is opposed to the sale of the commercially attractive DHA.

The RSL is concerned about the effects of force posture changes and base consolidation as regional infrastructure is often lacking in support to families. There is also the concern about the inadequate balances between forms of housing (standard houses or apartments) that do not adequately reflect changing social norms and differing family structures which, in our opinion, will influence retention.

Military Justice

The current system of military justice may not be ideal but it is constitutionally safe. More to the point, trials by Court Martial are well understood and respected and although they are not jury trials, they are not trials by one military judge acting alone and hence are considered to be de facto jury trials.

The RSL will continue to try to persuade those elected to the Australian Parliament to ensure that any change to Australian military justice legislation mirrors to the extent possible the norms of Australian law and that it is not in conflict with the Australian Constitution with respect to trials on indictment. In this context we remain opposed to legislation such as that previously introduced into the House of Representatives as the *Military Court of Australia Bill 2012*. To be more specific we contend that the intention of that legislation to appoint Military Judges to act alone in trying serious service offences is so at variance with the norms of justice in Australia as to be dangerous.

The Defence Force Remuneration Tribunal (DFRT)

The RSL continues to support the need for the Tribunal as an independent body charged with setting the rates of remuneration for members of the ADF. What we do not support is the current arrangement whereby most major pay cases are put forward as "agreed" between the Commonwealth Government (the employer) and the ADF (the employee) before being placed before the Tribunal. These agreements are at odds with earlier practice whereby the Commonwealth advanced its case separately from the ADF thereby allowing the Tribunal to be perceived as a truly independent umpire.

The widely held perception is that the Chief of the Defence Force is hampered by the need to negotiate these "agreed" cases in acting forcefully in support of legitimate pay claims by the men and women of the ADF. An equally worrying perception is that the Tribunal has become something of a "rubber stamp" merely legitimising early negotiated "agreed" cases.

A more worrying consequence of the development of "agreed" pay cases is that it has given rise to the re-entry of party politics into the setting of rates of pay and conditions for ADF members. When hitherto there were mostly contested cases, there was little if any party political comment with almost all accepting that the independent DFRT was a fair umpire.

The RSL recommends that the 2015 Defence White Paper include policy reinforcing the independence of the DFRT and eradicating the reasons for the perceptions noted above.

CONCLUSION

The 2015 Defence White Paper must be a believable document providing a realistic blueprint for the future defence of the nation. It must be based on a pragmatic

assessment of the likely level of funding available for the defence of the nation over at least the coming decade balanced against the undeniable fact that it is virtually impossible to predict the future security threats to the nation. Thus there is a need for the White paper to strike a sensible balance between planning for Australian involvement in future high level combat while ensuring the cost of so doing is not too great a burden on the Australian people.

In making these judgments it is vital that the White Paper recognises and reaffirms that service in the ADF is different in almost all respects from service in any other Australian endeavour – and should be remunerated on this basis. The men and women of the ADF are warfare specialists prepared to deploy in harm's way to any part of the world as may be required by any Australian Government. They and their expertise are the front line defenders of the freedoms Australians are privileged to enjoy. They and the families who support them deserve the fulsome support the RSL advances on their behalf in this submission.

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The Returned & Services League of Australia

28 October 2014