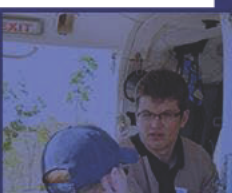
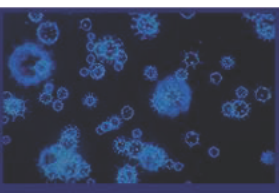
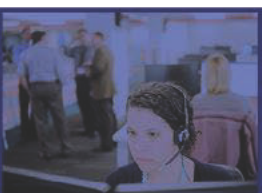




INQUIRY INTO THE DEPARTMENT OF DEFENCE ANNUAL REPORT 2022-23

JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS,
DEFENCE AND TRADE - DEFENCE SUBCOMMITTEE



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EXECUTIVE SUMMARY

International SOS welcomes the opportunity to make a submission to the Defence Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade ('the Subcommittee'). In late 2023, the Subcommittee resolved to conduct an inquiry into several key themes identified in the Defence Annual Report 2022-23. This submission focuses on the Defence Health System.

Importantly, this Submission does not promote the capabilities of any one area of the health industry or single provider, but aims to give voice to industry representatives in line with the Subcommittee's interest in the "*...general architecture of [Defence Health] capabilities... and the interrelationship with external providers.*"

Focusing on the Defence Health System as a capability enabler has never been more timely. From 2023, Defence will start reporting to the Australian government against new enterprise-level health and wellbeing targets. Further, the findings of the three-year Royal Commission into Defence and Veteran Suicide are due to be released later this year and the Australian Government needs to find new ways to address the long-standing challenges faced by our serving and veteran community.

The recommendations of the Defence Subcommittee's inquiry into the Defence Health System will be critical to how the Australian Government interweaves these elements into a holistic health approach to support serving members, families, and veteran communities. The Subcommittee's findings will shape the future delivery of ADF health and wellbeing, and importantly guide the integrated architecture of support provided through military and commercial health provision.

At the same time, Australian health and medical providers have never been more capable of providing bespoke medical support to the ADF. The Australian health industry landscape presents enormous capabilities that are available to Defence as tailored health solutions to meet the unique requirements of ADF recruitment, retention and operational effectiveness. This capability should be harnessed by Defence - maximising cost effectiveness with clinical best-practice and stringent contract management arrangements to ensure the innovative practices of an established and flexible Australian health service industry are used to support Australian Government national security objectives.

RECOMMENDATIONS

This submission provides the following recommendations for the Subcommittee's consideration to enhance the capabilities of the Defence Health System through effective interrelationships with external providers:

- The ADF will benefit from engaging specialised medical service providers experienced in the specific challenges of recruiting and retaining a large medical workforce.

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- The ADF will benefit by separating the contracting arrangements for on and off-base medical support to attract greater competition and innovation within industry to support the fluid demands of Defence.
- The ADF will benefit from the establishment of a small medical surge-support team to deploy across all States and Territories supporting military health requirements and releasing ADF medical teams for deployments.
- Defence should consider procurement methodology and processes to ensure procurement flexibility to surge and scale health support where and when required.

Please do not hesitate to contact us if you require further information or clarification. My point of contact in this matter is Judy Swann, Head Military Health Services Pacific, judy.swann@internationalsos.com, 0457 666 479.

A handwritten signature in black ink, appearing to read "Ian Gilbert".

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ABOUT INTERNATIONAL SOS

International SOS is a long-term partner of governments, military and police forces around the world. International SOS is contracted by the United Nations (UN) and North Atlantic Treaty Organisation (NATO) to deliver in-field support in complex missions, and provides United States military medical support to over 500,000 US military personnel and veterans. Through our extensive networks in the region, private sector operators such as International SOS have a vital role to play in delivering Australia's Overseas Development Assistance (ODA) program to achieve positive outcomes in the region.

International SOS successfully delivered ADF Garrison On-Base Health Services (GH) across New South Wales (NSW) and the Australian Capital Territory (ACT) from 2016 to 2019. During this time, an important element of capability was provided through the prescribed surge services (both planned and unplanned). Following Defence's request for rapid mobilisation to support challenged Joint Health Units at that time; we provided over 500 staff to support 24 health centres at short notice, and delivered garrison support services for three years until a new service provider took over Australia-wide operations in 2019.

Currently, International SOS supports the Department of Home Affairs with medical support for immigration and detention centres across Australia and the region. Our experience as a national deliverer of medical services to support large-scale government requirements is unique, and informs this submission with real-life experiences and lessons learned.

OVERVIEW

Established in 1985, International SOS is the world's leading health and security services company. Services provision is spread across government, the private sector, and Non-Government Organisations (NGOs). As of 2024, International SOS has:

- 1,200 locations across 90 countries
- 12,000 employees, including 4,800 medical professionals
- 9,000 global clients
- 85,000 trusted providers across 240 countries and territories

International SOS has been active in the region for over 25 years and is a trusted provider of medical and security services to the Australian Government and many global military and police forces. No other medical company has comparable resources or assistance mechanisms. This includes an extensive network of approved suppliers and the ability to rapidly deploy personnel, equipment, personnel, and capabilities in response to government requirements, regional disasters and other national emergencies.

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NEW FOCUS ON DEFENCE HEALTH

From 2023, Defence has a new focus on health as an operational enabler, requiring the Australian Government to consider new ways to deliver health services to ADF serving members, their families and the broader veteran community. This new focus is obvious when we consider the recent government priorities and reviews announced in the last two years.

DEFENCE PERFORMANCE MEASUREMENTS

In 2022, the Australian Government introduced new key performance measures in the *Defence Corporate Plan 2022-26*.¹ For the first time, ADF health and wellbeing has been recognised as an operational enabler supporting the achievement of national security objectives. To measure the progress of this new performance measure, new reporting requirements have also been introduced for Defence from Financial Year (FY) 2022-23. Initially, a performance reporting baseline will be developed in FY2022–23, and progress benchmarks will then be set against the baseline over 2023 to 2026. Both qualitative and quantitative data will be used to inform reporting.

This is a substantial move by the Australian Government and identifies health and wellbeing as a key operational enabler. Importantly, these new performance measures will hold Defence accountable for achievements against these new targets.

In 2023, the topic of ADF health appeared again as a more focused entry in the *Defence Corporate Plan 2023-27*.² The Plan stated that:

'The mental health and wellbeing of our workforce is critical and we must maintain and promote a culture where people are supported. The Defence Culture Blueprint³, and our focus on mental health and wellbeing, will play key roles in supporting recruitment and retention and are critical to enabling the workforce to remain agile in complex operating contexts'

Again, performance reporting against this target was expanded. The performance measure for Defence over 2023-26 is to support ADF members and their families by providing access to support services and programs. For the first time, ADF personnel satisfaction with the medical services will be included in the reporting regime with the introduction of a new performance measure on 'increased ADF member and family satisfaction with support services and programs'.

Defence will need to consider new ways to measure and report ADF satisfaction. Defence's contract management of commercially provided health services was the focus of a recent audit by the Australian National Audit Office (ANAO). In 2023, the ANAO noted the need for Defence to enhance areas of performance reporting in its management of

¹ [Defence Corporate Plan 2022-26](#)

² [Defence Corporate Plan 2023-27](#)

³ [Defence Culture Blueprint](#)

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health services contracts.⁴ The ANAO acknowledged Defence’s legal obligation to provide medical and dental services to ADF personnel who are providing continuous full-time service, and identified health as a capability imperative. The Report found that Defence has been partly effective in managing its current ADF health services contract to achieve efficient and effective delivery of the contracted services. Defence agreed and is actioning the ANAO’s recommendations, however the ANAO also recognised the limited performance measurement and assessing arrangements in place. These limitations, the ANAO found, impacted the ability of Defence to provide assurance that services are being delivered effectively against the current contracted requirements.

Similarly, in 2024, it is expected that there will be a revised focus on mental health and wellbeing services provided to ADF members, families and the veteran community. The imminent release of the *Royal Commission into Defence and Veteran Suicide*⁵ will make far-reaching recommendations after three years of investigation and reviews. It is anticipated that the Royal Commission will address systemic mental health and wellbeing across Defence, and enhance the outcomes envisaged under the recently released Defence Culture Blueprint.

This means that again, health and wellbeing as the primary focus of Defence and the Australian Government, needs to be more integrated across all stages of a military career – recruitment, retention, and transition into veteran support. Service provision also needs to integrate all available assets – uniformed, commercial and NGO – and position the multifaceted aspects within a cohesive framework that supports the new reporting regime. The time is right for Government to focus on the vital issue of ADF health and wellbeing – both physical and mental – and the Subcommittee’s Inquiry is in an ideal position to shape the future delivery to support the Australian Government’s national objectives.

⁴ [ANAO Report on Defence’s Management of the Delivery of Health Services to the Australian Defence Force](#)

⁵ [Royal Commission into Defence and Veteran Suicide](#)

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INDUSTRY CAPACITY

While Defence’s management of external health provision has been a focus for government, the capacity of industry to support the ADF and innovate alongside Defence has not been fully explored. The private sector has extensive reach across Australia and globally to deliver health solutions to support the ADF. The health industry is constantly responding to environmental realities – be that pandemic responses, workforce shortages, clinical modelling and credentialing requirements. Health and medical companies can provide the ADF with professional medical services and staffing, complemented by a network of enduring partnerships across communities, and can provide quality assured access to specialised workforces and best-practice clinical governance.

The private sector has a strong presence across Australia and can provide pre-existing workforces and networks, that in many cases, are unmatched by the capacity of government to provide from ‘within’. Businesses invest over multiple years, employing local workforces and specialist services in the communities where Defence seeks to operate. Through this enduring presence, the private sector has deep experience in managing medical workforces with established connections to communities.

The outsourcing of health and medical support to serving ADF members is relatively new, but it is an essential component of an integrated and holistic service. The ADF simply does not have the medical staff numbers or access to specialist services from within the ADF. The core business of the ADF is not in itself to provide health services. Defence’s mission is to ‘defend Australia and its national interests’⁶, with health services as a vital enabler to this core function. Clinical ADF personnel and reservists must be deployable. The ‘raise, train and sustain’ functions of Defence are required to establish a uniformed medical capability, but these functions must remain focused on the deployability and mobility of medical assets, including clinical personnel.

Consequently, Defence and commercial health providers must work hand-in-hand. This is recognised by the Subcommittee’s inquiry including the ‘interrelationship with external providers’. Commercial providers are highly capable and provide a specialised clinical service to thousands of organisations within the current challenges. Providers are also very keen to share these experiences with Defence, and work collaboratively with Defence in the provision of health services. Specialist medical companies exist, and importantly, they are willing to partner with Defence to explore new ways of providing services in an increasingly challenged medical environment.

⁶ <https://www.defence.gov.au/about/who-we-are/defence-mission>

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LESSONS LEARNED

International SOS speaks from experience. International SOS successfully delivered ADF Garrison On-Base Health Services across NSW and ACT from 2016 to 2019. In 2016, Defence requested the rapid mobilisation of medical staff to support challenged Joint Health Units. We were contracted at short notice and successfully provided over 500 staff to support 24 health centres across ACT and NSW. Currently, International SOS supports the Department of Home Affairs with medical support for immigration and detention centres within Australia and the region. Our experience as a national deliverer of medical services to the Australian Government across widespread and complex geographical locations has been recognised, and our experiences inform this submission.

The following lessons-learned gained through our own delivery of garrison health services may be useful for the Subcommittee's consideration.

a) Provision of critical clinical services, indirectly through non-specialist primes

An overarching observation is that Defence's management of on and off-base health services has largely been through single providers, and these providers have predominantly been retail health insurers. These companies provide excellent healthcare networks with volume discounting and integrated referral pathways, however medical staffing is not a core competency. There are no current reports available on ADF healthcare satisfaction, however anecdotally waiting periods are long for ADF members to see healthcare services – including General Practitioners and specialists, and satisfaction levels vary significantly across the ADF health regions.

The management of medical workforces is a specialty in itself. Staff management expertise in credentialling, security clearance, clinical training, clinical governance and being a holistic medical staffing employer is essential. Health managers understand the unique requirements of health workforces, and veteran health managers understand these challenges at a deeper level for ADF environments. Our experience leads us to consider that current issues experienced by ADF personnel may be exacerbated by engaging a prime industry partner without the expertise in medical workforce staffing.

b) More cost effective models are available.

Utilising a prime contractor with little to no experience in large medical workforce management means that the prime will subcontract staffing arrangements to another provider. This adds significant costs to Defence by adding profit margins of one provider onto the profit margins of the subcontracted providers. The prime will also add margins to subcontracted elements to manage its own risk and working capital. The further away contracted medical staff are from Defence's focussed contract management cell – the more likely it is that problems may arise. The subcontracting of any service by a prime (and not by Defence directly) can allow the prime to set its own contracting agenda. Innovation and flexibility are also stymied under prime contractor arrangements, as primes are risk averse when managing multiple complexities.

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These challenges are only manageable by Defence with additional contract management resources resulting in increased departmental costs and contractual distance. Contractors for on-base health services hold a disproportionate level of responsibility without direct access and feedback from Defence. Additional levels of oversight and management, with Defence, prime and subcontractor management requirements can also create a structural and cultural divide for on-base service provision.

c) On-base and off-base service delivery can be more efficient.

The requirements for on and off-base health services require different competencies, capability and expertise. Engaging a one-size-fits-all approach can result in reduced responsiveness across multiple management levels in a Defence base, and less dynamic delivery. Separating on and off-base service delivery across different providers may add a degree of specialisation in these areas and allow Defence to more directly manage the specialties to achieve the different objectives. For example, the management of on base services under one provider could be separated from the network of off-base specialists managed by another provider. Having the on-base services provider as a subcontractor to the off-base services provider creates significant separation and distance from the Defence management and governance structure as the relationships are at arms' length. This creates service delivery risk as the priorities and key performance indicators of the head contractor remain the focus with off-base services and the on-base services are de-prioritised.

d) Surge capacity can support multiple outcomes for Defence operations.

The establishment of a multifaceted medical team could be used by Defence to augment on-base support services across joint health units that may be struggling with workforce numbers. The capacity of a fly-in-fly-out team can be modelled to maximise the effectiveness of a mobile capacity to support workforce challenges, or surge requirements in Defence operational priorities. For example, a surge team can fly into a specific area to support recruitment medical assessments, or provide telehealth support to a short-term deployed unit in remote areas. A deployable team can also provide surge support regionally by flying into key locations to support primary and emergency care as required. The capabilities of a surge-support team are endless, and this is an area where the innovation and experience of commercial providers can be harnessed by Defence and a bespoke solution can be workshopped across health and operational commands.

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PARTNERING WITH THE HEALTH INDUSTRY

Commercial health providers have demonstrated capacity for workforce management, rapid deployment, sustained medical support, and capacity in lengthy and complex operations. In the defence space, these companies can deliver medical services both on-base and off-base, medical training and complementing organic medical capabilities.

Health specialist companies exist across Australia and complement the ADF uniformed capability with flexibility to surge and scale to deliver operational effectiveness. Commercial providers also provide a rapid mobilisation capability augmenting the ADF with capabilities in an environment of almost continuous surge requirements and crisis support.

The procurement approach used by Defence should support the flexible and agile engagement of commercial providers to specifically support Defence's needs. The establishment of a panel of shortlisted providers, and reviewing existing contracts for short-engagement mechanisms is worth review by the Subcommittee. The ADF will always operate in a dynamic and unpredictable environment. The government's reliance on the ADF to respond to an increasing array of regional crises (pandemic, humanitarian responses, natural disasters at state or community level) means that flexible procurement is essential. The ability of the government to direct Defence (and its integrated workforce) to support government objectives must be based on a procurement method that is tailored to this outcome.

Procurement policies and guidelines do not need to be changed; that is beyond the scope of the Subcommittee's review. Considering the flexible approach within extant policies is however within the Subcommittee's remit. There are considerable benefits to the use of limited tenders or approaches to market within an existing contract term to enhance or resolve an existing challenge rather than waiting for a full approach to market at the end of a contract term. Large scale procurement is complex, costly and time consuming. Whilst essential to ensure market capabilities and value-for-money, there are also short-term requirements that can be resolved very quickly with a flexible approach to procurement that will produce a more efficient and effective outcome for the Australian Government.

Defence industry partners understand the necessity for strict government procurement policies, and many Defence industry personnel have served within the ADF or government agencies. There are however innovative partnership conversations and solution workshops that can (and should) be held between Defence and commercial providers to ensure health service delivery is as efficient as possible, and utilises best-practice methods available to address the current health workforce challenges within Australia.