

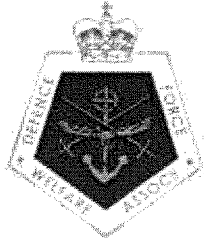


Submission No 1

Review of the Defence Annual Report 2006/2007

Organisation: Defence Force Welfare Association

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Governor-General of the Commonwealth of Australia

File: 65.01

12 June 2008

The Secretary
Defence Sub-Committee
Joint Standing Committee on Foreign Affairs, Defence and Trade
Parliament House
Canberra ACT 2600

Dear Mr Ali,

Submission – Review of the Department of Defence Annual Report 2006-07

The Defence Force Welfare Association (DFWA) thanks the Defence Sub-Committee for the opportunity to make a submission to its inquiry into the Department of Defence Annual Report 2006-07. For the information of the Sub-Committee, background details about DFWA are attached.

The Sub-Committee will appreciate from those details that DFWA has an interest in three of the identified issues which are to be addressed at hearings on 10 July. Those issues are:

- Recruitment and retention
- Personnel shortages in specialist trades
- Progress of Military Justice changes.

Of those, DFWA has received no reports of problems at this stage with respect to the implementation of the changes to Military Justice.

Of the first two points – **recruitment and retention** and the associated personnel shortages in specialist trades – DFWA does not have access to Defence figures or studies so can only suggest to the Sub-Committee that it questions Defence to establish:

- Has Defence conducted any in-depth studies of the effects of outsourcing on personnel retention rates? DFWA suspects that the loss of non-operational posting positions leads to a higher personal tempo for members of the ADF, which leads to increased family

REGULAR DEFENCE FORCE WELFARE ASSOCIATION INC

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pressures on personnel to separate.

- In particular, in relation to the above, what effect has the loss of available shore postings had on the Navy's sea-shore ratio? Has that sea-shore ratio been identified as a significant factor in Navy's low retention rates?
- With regard to the recently announced two-year Navy Capability Allowance, what progress has Navy made, and what are its plans for the remaining part of the two years life of the allowance, to resolve its retention problems?
- What proportion of overall separations from the ADF are undertaken to take up better-paid, perhaps more family-friendly, positions in organisations that undertake outsourced Defence functions?
- What are the training costs and operational limitations placed on the ADF to replace personnel that it loses to outsourcing organisations?
- Do the overall benefits of outsourcing still outweigh the costs?
- Why is the use of Reserves a more attractive option for Defence than taking steps to retain its existing personnel?
- Why do Reserve personnel find it more attractive to serve in the Reserves than to continue a long-term career in the ADF?

Yours sincerely

A handwritten signature in black ink that reads "David Jamison". The signature is written in a cursive, flowing style.

David Jamison
National President

Defence Force Welfare Association - Background Information

Background and Purpose

The Association was formed in 1959 as the *Regular* Defence Force Welfare Association for the purpose of promoting and protecting the interests of serving and former members of the Australian Defence Force (ie in those days the *permanent* Forces of the Commonwealth) and their families, and this is still our focus although we now extend this purpose to both full time and reserve members. Our principal activities are:

- a. to watch and foster the interests of members of the Australian Defence Force in any matter likely to affect them during their service or in retirement; and
- b. to advise or assist any serving or retired member of the Australian Defence Force, or their dependents, as required, in matters affecting their welfare.

Because DFWA serves both currently serving ADF members and ex-service members, it works closely with other ex-service organizations although, it should be noted, most of those focus on veterans' issues. In its support of military retirement issues, DFWA is a contributing member of the Australian Veterans' and Defence Services Council (AVADSC), and the Australian Council of Public Sector Retiree Organisations.

DFWA has a deliberate policy of remaining outside the Defence policy debate, except where it may affect the well-being of serving ADF personnel. Thus, though we have a political dimension, we are careful to confine ourselves to issues that have a direct impact on the welfare of our members, those still serving and other ex members of the ADF.

Included in these activities is the provision of advocacy services for serving and retired personnel who may have a claim on the Government under various Commonwealth legislation covering superannuation, compensation and veterans' entitlements. DFWA is also recognized as an intervener at the Defence Force Remuneration Tribunal but limited resources and lack of advance information preclude involvement in every matter that comes before the Tribunal.

Structure and Operations

DFWA is an Australia-wide organisation with the National Office located in Canberra and Branch Offices in Brisbane, Sydney, Melbourne and Perth. We also have representatives in Tasmania, South Australia, the Northern Territory and North Queensland.

Although the original membership of DFWA was comprised of almost exclusively serving personnel, our current membership consists of about 5,000 predominately ex-ADF personnel and their partners although the proportion of serving members is growing. After a number of years where we experienced a declining membership, during 2007 we began a more active recruiting effort and are now seeing a reverse in this trend with a growing number of serving and recently discharged personnel joining. Our members (apart for those still serving) tend to be individuals with a personal interest in Defence in general and service conditions and veteran's policy issues in particular. They share an interest in assisting serving and former service personnel whose personal circumstances may not be as comfortable as most of our members. DFWA doesn't have clubs, and social activities are generally associated with work in support of our objectives.

DFWA members are members of their State or Territory Branch. The Branches and our Vice President policy advisers form our National Council and the National Executive is drawn from this Council. Most business is conducted by e-mail or telephone, although a blog will be available shortly on our new website.

DFWA maintains a small Relief Trust Fund for the provision of financial support for “the welfare of members of the Association and Regular members of the ADF and Reserves on full time duty or their widows/widowers and dependants who are in urgent and necessitous circumstances involving real hardship”. DFWA itself is endorsed by the ATO for charity tax concessions.

Our work is funded by members’ subscriptions and donations and we are a predominately volunteer based organisation. DFWA’s only paid staff are currently a part-time National Secretary, a part-time National Treasurer and the NSW Branch also has a part time paid office worker. The Department of Veterans’ Affairs has made grants of \$8,000 pa towards the National Secretary’s salary and a number of Branches have also received small grants under various DVA sponsored programs.

In accordance with long-established Defence policy – eg DI(G) Admin 35-1 of 1986 - DFWA offices are accommodated in Defence establishments: RMC Duntroon (National Office), Victoria Barracks in Brisbane, Sydney and Melbourne, and Irwin Barracks in WA. Our ACT Branch also uses the facilities of our National Office at RMC.

Current Policy Issues

Many policy issues that DFWA becomes involved in originate without warning, from Government initiatives or from external events. Nevertheless, the Association has identified the following as its current on-going issues:

1. **Military Superannuation;**
 - a. Indexation of military pensions using the formula applied to age/service pensions & indexation of full amount of DFRB/DFRDB pension.
 - b. Taxation aspects of military superannuation under Simplified Super (e.g. the current inclusion of the military pension in total taxable income).
 - c. DFRB/DFRDB commutation issues;
 - o Use of up to date life tables;
 - o Restoration of the full pension after repayment of the lump sum commutation;
 - d. Follow up actions by the Government on the Military Superannuation Review Report, based on the positions we adopted in the combined ESO response.
 - e. Offsetting of MRCS compensation against age based military superannuation payments.
2. **FBT reportable aspects of conditions of service** relating to families of serving ADF personnel.
3. **Defence housing and re-location policies** and their application.
4. **Health initiatives for defence families** including overseas health care entitlements and access as well as ongoing treatment back in Australia;
5. **War Widows’ pension offsetting;**
6. **Offsetting of special rate disability pensions under MRCS;**

7. **Development of support centres on Defence bases** to assist serving and former ADF personnel to apply for compensation and rehabilitation benefits under the various Acts (e.g. VEA & MCRA).