The Parliament of the Commonwealth of Australia

Recruitment and Retention of ADF Personnel

REPORT OF THE
SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE
REFERENCES COMMITTEE

October 2001

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TERMS OF REFERENCE

(1) That the following matter be referred to the Foreign Affairs, Defence and Trade References Committee for inquiry and report by 27 September 2001:

Whether the current recruitment and retention strategies of the Australian Defence Force (ADF) are effective in meeting the organisation's personnel requirements (including reserves).

(2) That, in considering these terms of reference, the Committee examine and report on the following issues:

(a) whether the current recruitment system is meeting, and will continue to meet, the needs of the ADF;

(b) the impact of the Defence Reform Program on retention levels and recruiting;

(c) the impact of changes to ADF conditions of service, pay and allowances on retention and recruitment of personnel;

(d) current levels and categories of specialist personnel in the ADF compared to the organisation's requirements;

(e) the impact of current career management practices on retention of personnel;

(f) any other issues, reasonably relevant to the terms of reference but not referred to above, which arise in the course of the inquiry.

(Note: on 27 September 2001, the Senate extended the reporting date to the last day of this Parliament)

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SENATOR BRIAN GREIG

ABBREVIATIONS AND ACRONYMS

ADF	Australian Defence Force
ADFRU	ADF Recruiting Unit
CRC	Career Reference Centres
CSP	Commercial Support Program
DDFR	Director of Defence Force Recruiting
DCO	Defence Community Organisation
DEO	Defence Estate Organisation
DER	Defence Efficiency Review
DFRDB	Defence Force Retirement and Death Benefits Scheme
DFRO	Defence Force Recruiting Organisation
DHA	Defence Housing Authority
DHSB	Defence Health Service Branch
DLRP	Defence Logisitics Redevelopment Project
DPE	Defence Personnel Executive
DRP	Defence Reform Program
DSC	Defence Service Centre
EAS	Education Assistance Scheme
FHOGS	First Home Owner Grant Scheme
FIND	Family Information Network for Defence
FPS	Fixed Period of Service
FSR	Force Structure Review
FY	Financial year
G–res	General reserve
HPAS	Home Purchase Assistance Scheme

HPSEA	Home Purchase or Sale Expense Allowance
HQ TC–A	Headquarters Training Command–Army
MDR	Manpower Defence Recruiting
MRU	Manpower Required in Uniform
MSBS	Military Superannuation and Benefits Scheme
NCGSF	National Consultative Group of Service Families
PACC	Public Affairs and Corporate Communication
PIS	Personnel Impact Study
RLLT	Remote Locality Leave Travel
ROSO	Return of Service Obligation
SED	Single Entitlement Document
SIS	Superannuation Industry Supervision

RECOMMENDATIONS

Recommendation 1— Chapter 2, page 15

The Committee recommends that the Department of Defence review all uniformed personnel listings at training and base support locations to ensure that:

- Positions are available for uniformed ADF personnel to undertake respite posting.
- Positions are available for uniformed ADF personnel to practise their trade skills.

Recommendation 2— Chapter 2, page 17

The Committee recommends that, as contracts expire, the Department of Defence review all base support commercial contracts to ensure that an ADF–wide standard of base support is provided and that a range of services, such as those included below, be provided as appropriate to each location.

- catering services that meet the diverse needs of ADF personnel;
- secure, safe and hygienic living accommodation;
- leisure facilities;
- financial services; and
- basic retail services.

Recommendation 3— Chapter 2, page 15

The Committee recommends that future Defence reform should not be undertaken without:

- an ADF Personnel Environment Impact Study (PEIS); and
- an accepted Implementation Plan which incorporates the establishment of an Implementation Team.

Recommendation 4— Chapter 3, page 23

The Committee recommends that Headquarters DFRO be moved to co-locate with Defence Personnel Executive and the Headquarters of the Department of Defence at the Russell Office complex.

Recommendation 5— Chapter 3, page 25

The Committee recommends that the Department of Defence develop a long-term strategic ADF marketing and advertising plan that supports recruiting by:

- appealing to the real reasons for enlistment;
- targeting general, critical trade and wider ethnic groups; and

- promoting ADF links with the community.

Recommendation 6— Chapter 3, page 32

The Committee recommends that the Department of Defence, as a matter of priority, support and implement changes to streamline the current recruiting process as proposed by HQ DRFO:

- providing adequate manning for DFRO to plan and conduct recruiting,
- developing unambiguous policies on pre-enlistment requirements (particularly for age, education, citizenship, psychology, medical and character [drug usage/conviction history]), and
- developing clear policies and procedures for enlistment, re-enlistment, Service transfer and medical disability restrictions.

Recommendation 7— Chapter 3, page 38

The Committee recommends that the Department of Defence ensures that the training capacity of the three Services be bolstered to match the recruiting effort.

Recommendation 8— Chapter 4, page 40

The Committee recommends that the Head of Defence Personnel Executive be made a member of the Defence Committee.

Recommendation 9— Chapter 4, page 41

The Committee recommends the Department of Defence review its strategic framework for personnel management to include:

- a clear strategic communication plan to convey information on career management and personnel policy, and
- career streaming for ADF officers in HR management.

Recommendation 10 Chapter 4, page 43

The Committee recommends that aviation trades be structured to enable accreditation in the civil sector.

Recommendation 11 Chapter 4, page 43

The Committee recommends that, where recruits are due to undertake trade courses which lack civil accreditation, they be advised of the fact before commencing those courses and given the opportunity to transfer to an alternative course.

Recommendation 12 Chapter 4, page 44

The Committee recommends that the Department of Defence review technical and non-technical trade training policies in the ADF to ensure that:

- technical and non-technical personnel receive nationally recognised civilian accredited qualification,
- technical trade specialists are certified and licensed within the national training authority framework, and
- technical trade specialists receive continuation training and education.

Recommendation 13 Chapter 4, page 47

The Committee recommends that the Department of Defence review the manning of career management agencies to ensure a more equitable ratio of career managers to personnel and thereby improve career management procedures.

Recommendation 14 Chapter 4, page 47

The Committee recommends that the Department of Defence develop an alternative career management policy for ADF personnel who are medically downgraded.

Recommendation 15 Chapter 4, page 47

The Committee recommends that the Department of Defence review policies for the career management of specialist trades to enable:

- the development of specialist career paths,
- continuation training to maintain equivalent civil qualifications eg medical clinical training, and
- a choice between specialist streaming and general streaming eg flying duties only/medical officer duties only without promotion.

Recommendation 16 Chapter 4, page 51

The Committee recommends that the Department of Defence investigate and develop a new ADF personnel model with the following characteristics:

- fixed terms of engagement;
- incremental retention incentives;
- incremental recognition of service; and
- a formal discharge package.

Recommendation 17 Chapter 5, page 57

The Committee recommends that the Government instigate a salary system for uniformed personnel that recognises their appointed responsibility in addition to rank, competency and experience.

Recommendation 18 Chapter 5, page 57

The Committee recommends that the Government review ADF benefits currently reported as fringe benefits on members' payment certificates where those fringe benefits have an unintended and unfair effect on family-related benefits and payments.

Recommendation 19 Chapter 5, page 57

The Committee recommends that the Department of Defence investigate and review its classification of remote locality postings in order to ensure a more equitable distribution of benefits.

Recommendation 20 Chapter 5, page 58

The Committee recommends that the Department of Defence align the RLLT entitlement to match other government employee entitlements.

Recommendation 21 Chapter 5, page 59

The Committee recommends that the Department of Defence investigate its spouse recognition policies to ensure they are equitable and aligned with other Government departments.

Recommendation 22 Chapter 5, page 63

The Committee recommends that the Department of Defence review HPAS to ensure it provides equitable housing assistance to ADF members in all real estate regions of Australia.

Recommendation 23 Chapter 5, page 63

The Committee recommends that the Department of Defence review the policy regarding own-home lease arrangements for ADF personnel to ensure they are not disadvantaged.

Recommendation 24 Chapter 5, page 63

The Committee recommends that Defence Housing Authority review its policy of selling old housing stock in established communities near bases and forcing Defence personnel to occupy housing considerable distance from their base.

Recommendation 25 Chapter 5, page 63

The Committee recommends that the Government conduct an independent survey to assess the level of customer satisfaction with the accommodation assistance provided by DHA and recommend improvements.

Recommendation 26 Chapter 5, page 67

The Committee recommends that the Department of Defence review its strategic communication plan for conveying family support information to Defence families to ensure a consistent message and availability of information.

Recommendation 27 Chapter 5, page 67

The Committee recommends that the Department of Defence adopt a mandatory pre-enlistment spouse induction program as part of the ADF recruiting process**.**

Recommendation 28 Chapter 5, page 67

The Committee recommends that the Department of Defence ensure that all current and available resources are being used in the matter of spouse employment assistance and, as a matter of priority, investigate and implement additional lateral measures to provide spouse employment assistance.

Recommendation 29 Chapter 5, page 67

The Committee urges Commonwealth, State and Territory Education Ministers to reach consensus on the introduction of national standard school starting ages, standard grades and standard handwriting requirements.

Recommendation 30 Chapter 5, page 69

The Committee recommends that the Department of Defence retain and develop the capacity for 'direct to unit' Army Reserve recruiting.

Recommendation 31 Chapter 5, page 69

The Committee recommends that the Department of Defence investigate and introduce an incentive program to encourage Reserve service following full-time service.

CHAPTER 1

BACKGROUND

Introduction

1.1 In this chapter, the Committee outlines the background to and conduct of the inquiry and the approach taken in the compilation of this report. It addresses the following topics:

- previous reports;
- the need for an inquiry into recruitment and retention;
- the conduct of the inquiry; and
- the scope, structure and approach to this report.

Previous reports

1.2 Over the last 20 years, there has been an extensive range of reports on the Australian Defence Force (ADF) touching on personnel issues. In fact, **internal** reports on personnel issues, especially on recruiting, have been issued about every two years. This plethora of reports has had the unfortunate consequence of maintaining a state of turmoil; they have not allowed Defence to settle down and work through a series of recommendations before the next report was issued.

1.3 The Committee sees little point in listing all the reports that have touched on Defence personnel issues. However, the more notable reports of inquiries into Defence are listed below.

Hamilton Report

1.4 In April 1986, Ms Sue Hamilton from the Office of the Status of Women presented her report into the main problems facing spouses of service personnel.

- The report was titled 'Supporting Service Families' but is more commonly known as the Hamilton Report.
- This report made major recommendations on quality of life and conditions of service issues.

Cross Report

1.5 In November 1988, the Joint Standing Committee on Foreign Affairs, Defence and Trade report on Personnel Wastage in the ADF. The inquiry was conducted by the Defence Sub-Committee, chaired by Mr Manfred Cross MP.

- This report made 48 recommendations to correct a reported high level of personnel wastage in the ADF.
- In essence, many of the recommendations were not implemented or not implemented fully and remain valid today.

Glenn Report

1.6 In December 1995, the Department of Defence released the report 'Serving Australia: the Australian Defence Force in the Twenty First Century'.

- This report included 120 recommendations on personnel management and conditions of service.
- On 31 March 2001, the Defence Personnel Executive conducted an audit of the Glenn Report to determine which of those recommendations have been achieved. This was included in an answer given by the Hon Bruce Scott MP on 8 November 2000 to House of Representatives Question on Notice No. 1712.

Defence Efficiency Review

1.7 In March 1997, the Defence Efficiency Review Panel submitted a report to the Minister for Defence recommending measures to improve efficiency and effectiveness of management and financial processes across the Defence program.

- The recommendations of this report were implemented as part of the Defence Reform Program (DRP) during the period 1997–99.
- This program included the formation of a single Personnel Executive for personnel administration and management across the Services, and increasing the Commercial Support Program (CSP) of outsourcing non–core Defence activities.

From Phantom to Force—Towards a More Efficient and Effective Army

1.8 In August 2000, the Joint Standing Committee on Foreign Affairs, Defence and Trade reported on the suitability of the Australian Army for peacetime, peacekeeping and war.

- Chapter 7 of this report discussed personnel recruitment and retention issues and recommended that the Australian Army adopt a unified personnel structure.

Defence White Paper

1.9 In December 2000, the Government released a Defence White Paper (Defence 2000—Our Future Defence Force).

- This paper announced a requirement to increase ADF strength to about 54,000 full time personnel by 2010 as well as an intention to change the strategic role of Reserves and improve recruitment and retention of personnel.

The need for an inquiry into recruitment and retention

1.10 On 9 November 2000, as part of the White Paper 2000 development process, the Department of Defence Community Consultation Team delivered a Report to the Government on community attitudes towards Defence. The key findings of this Report commented on:

> '…the strength of feeling within the community that the vital role people play in ensuring the ADF is an effective fighting force has not been given adequate recognition by governments or the Defence organisation over the past ten years or so.'[1]

1.11 In particular, the report asserted that:

- many serving members are frustrated by inadequate training opportunities and conditions of service, leading to low morale and poor retention rates;
- there is significant concern about ADF personnel leaving at the point in their career at which they have the knowledge and experience the organisation needs;
- the outsourcing of support function for the Defence Force has been a major contributor to de-skilling and low morale within the Defence workforce; and
- there is strong public support for the Government to treat employment in the Services as a unique vocation or way of life.

1.12 The Government acknowledged the findings of the Community Consultation Team by announcing in the Defence White Paper an intention to increase the strength of the ADF to 54,000 and improve recruitment and retention of personnel.

1.13 Despite this announcement, during the Senate Foreign Affairs, Defence and Trade Legislation Committee additional estimates hearing on 21 February 2001, the Department of Defence reported declining recruiting numbers and increasing separation rates among ADF personnel.[2] It was becoming obvious that the ADF was undergoing serious recruitment and retention problems. A public inquiry became highly desirable.

1.14 Subsequently, on 5 April 2001, the Senate referred the following matter to the Foreign Affairs, Defence and Trade References Committee for inquiry and report by 27 September 2001:

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1 Australian Perspectives on Defence: Report of the Community Consultation Team, Commonwealth of Australia, 2000, p. 2

2 Foreign Affairs, Defence and Trade Legislation Committee, Additional Estimates Hearing, 21 February 2001, pp. 43

> Whether the current recruiting and retention strategies of the Australian Defence Force are effective in meeting the organisation's personnel requirements (including reserves).[3]

1.15 On the 27 September 2001, the Senate extended the tabling date to the last day of the 39th Parliament. However, the Committee was determined to honour its commitment to report either at the end of September or early October 2001.

Conduct of the inquiry

General

1.16 The Committee advertised the inquiry in major national and Department of Defence newspapers during the period 6–20 April 2001. These advertisements called for written submissions to be lodged with the Committee by 18 May 2001. Details were also posted on the Committee's website [www.aph.gov.au/senate_fadt]. In view of the level of interest in the inquiry, particularly among serving members, the Committee accepted late submissions until such time during the drafting of the Committee's report that it no longer became practicable to include in the draft information from new submissions.

Visits

1.17 During the period 18 July - 31 August 2001, the Committee toured major Defence bases throughout Australia. A list of units visited by the Committee is in *Appendix 3*.

1.18 At each base, the Committee conducted an introductory meeting with the Base Commander, who was sometimes accompanied by his senior officers, and held open discussion groups with Defence personnel.

1.19 At most bases, two discussion groups were conducted: one with ranks up to corporal (or equivalent) and the other with officers and senior non-commissioned officers (NCOs). At most bases, senior NCOs and officers did not attend the meetings with other ranks to enable those serving members to feel comfortable talking frankly about the issues in the inquiry. A few spouses attended several of these meetings and two separate meetings were also held with spouses. Each group of serving members comprised between about 20 and 60 personnel. These discussion groups provided the Committee with consistent evidence on recruitment and retention issues, although each base often had its own problems, either as a result of the nature of the work carried out at the base or its geographical location. These meetings were regarded as formal hearings and were recorded by Hansard. However, unlike normal hearings, the personal details of individual witnesses in each discussion group were not recorded.

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3 The full terms of reference are listed on **page xx** at the front of this report.

The Hansard transcripts of evidence taken at all the Committee's hearings have been placed on the Hansard web site [www.aph.gov.au/hansard/].

1.20 As a result of the relatively short time that the Committee had to conduct the inquiry, the Committee often ran out of time during hearings at bases, thereby not allowing some ADF members to speak. The Committee encouraged ADF members, who either did not have the opportunity to speak or to say as much as they wanted, to put comments in writing to the Committee. This procedure generated quite a number of additional submissions, including some from ADF members who had not been able to attend the hearing.

1.21 The Committee also visited several Defence Force Recruiting Units or Career Reference Centres and a number of Defence Community Organisation (DCO) offices. Details of these visits are also contained in *Appendix 3*. At a number of bases, DCO representatives attended hearings conducted by the Committee. The Committee also took evidence from or were briefed by national and state representatives of the National Consultative Group for Service Families.

Public hearings

1.22 An initial public hearing was conducted on 25 June 2001 at which the Department of Defence gave evidence. Public hearings were conducted in Perth on 20 July, Sydney on 1 August and Canberra on 17 September, when selected witnesses were invited to expand on the detail provided in their written submissions and to answer questions. Further public hearings were conducted in Canberra with the Department of Defence on 27 August and 20 and 21 September. A list of witnesses who provided evidence at public hearings is in *Appendix 2*.

Submissions

1.23 As at 26 September 2001, the Committee had received 228 submissions (58 were not released). Given the nature of the inquiry and that the majority of submissions were lodged by serving members of the ADF, the Committee was prepared to protect the identity of those members, if requested by them, by either withholding their names and addresses from published submissions or withholding their submissions from publication *(Appendix 1)*. The withholding of names and addresses option allowed many submissions to be published, which might otherwise have been withheld from publication. Although the Committee strongly preferred submissions to be placed on the public record, it did not want to deter serving members from making submissions if they were uncomfortable writing publicly about recruitment and retention issues.

1.24 The distribution of submissions by State and Service is detailed in Table 1.1 and Table 1.2 below.

Table 1.1 Distribution of submissions by State

Vic	SA	Qld	NSW	Tas	ACT	NT	WA	Other	Total
40	10	15	52	1	19	6	20	65	228

Note: the 'other' category comprises e–mail submissions that came from onboard naval ships or where no physical address was given.

Table 1.2 Distribution of submissions by Service

Army	Navy	Airforce	Other	Total
40	55	23	110	228

Committee's approach to the inquiry

Introduction

1.25 The terms of reference for this inquiry indicated that the Committee was to examine current recruitment and retention strategies in the ADF. In order to develop an understanding of these strategies, the Committee adopted an approach influenced by the following themes:

- the reasons people enlist in the ADF;
- the unique nature of military service;
- the 'psychological contract'; and
- linkages between recruitment and retention strategies.

The reasons people enlist in the ADF

1.26 From the evidence collected, it was apparent that people enlist in the ADF for one or more of the reasons outlined below.

- **Patriotism:** numerous personnel openly expressed pride in their uniform and the fact that they were serving their country. Others expressed disappointment in recruiting advertising that portrayed the ADF as a 'job' rather than appealing to national pride. As one Service member explained in her submission:

  > I have a very strong allegiance to the Royal Australian Navy. I am proud to wear a Navy uniform and belong to such a distinguish[ed] organisation …[4]

- **Personal:** many experienced Defence personnel advised the Committee that they had joined the ADF for the personal challenges of military life: adventure, fun, the opportunity for travel and action. Some related impatience with resource

4 Lieutenant Commander Peta Harwood, submission no. 76, p. 4

shortages and inflexible policy guidelines that prevented challenging training. One witness explained:

> A lot of young fellows, particularly the recruits I put through Kapooka, went to armour, artillery and the infantry because of the adventure. That is what young men want to do. A lot of young men out there want to blow shit up. Lets face it. That is fun. To an 18 year old, that is fun. That is what he wants to do.[5]

- **Security:** the Committee heard that the offer of secure employment was an important reason for enlistment. Defence personnel, more than other employees, looked to the ADF to provide appropriate training, promotion opportunity, welfare and financial incentives. Clearly, the ADF competes with other employers in this area to attract and retain personnel.

1.27 The first measure of success for any recruiting or retention strategy might therefore be how well that strategy addresses these original reasons for enlistment. It is accepted that reasons for enlistment may vary between generations. It is also accepted that a person will enlist for one or any combination of reasons. For example:

> I joined the Army for two reasons: firstly, to serve and protect my country; and secondly, for a career.[6]

The unique nature of military service

1.28 The Committee believed that it is important to recognise the unique nature of military service because this is closely linked to the reasons for enlistment. A second measure of the success of any recruitment and retention strategy is how well that strategy acknowledges the uniqueness of the profession of arms. While it might be argued that the nature of general society is continually changing, the uniqueness of military service has not changed.

1.29 Defence personnel declare on oath to serve when, where and as required by the direction of government. Accordingly, the military lifestyle is characterised by hazardous duties, irregular hours, and regular relocation of member and family. The pressures involved in providing this service have increased in recent years as community expectations of government assistance and public scrutiny of government action have intensified. Yet, ADF personnel have no recourse for industrial action, do not receive compensation for overtime and do not maintain an independent public voice.

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5 Witness 3, *Committee Hansard,* 17 August 2001, p. 544

6 Witness 28, *Committee Hansard,* 27 July 2001, p. 399

The 'psychological contract'

1.30 An understanding of the broad reasons for enlistment and an acceptance of the unique nature of military service led the Committee to the concept of the 'psychological contract'. The 'psychological contract' is a set of mutual, unwritten beliefs or expectations about the obligations between Defence and its people.[7] Defence personnel unconsciously form a 'psychological contract' upon enlistment. Under this 'contract', they accept the unique nature of military service in consideration for satisfying their patriotic, personal and security goals. This simple concept can also be used to measure the effectiveness of recruitment and retention strategies.

1.31 The effectiveness of recruiting strategies might be viewed in terms of how successfully they communicate and reinforce the 'psychological contract' available in the ADF. Retention strategies should focus on *maintaining* the 'contract'. The key aspects of the 'contract' are loyalty and commitment. Members are unlikely to stay in the ADF if they suspect that their 'contract' has been dishonoured or broken. They might perceive their contract to be broken if they are not provided with challenging training or jobs. This issue was addressed by one witness, who said:

> What is apparent to us at the coalface is that the psychological contract you made when you signed that written contract back when you were recruited has been undermined over the time I have been in the Army. What I mean by that is that all conditions of service that I signed up to, all the things that people have mentioned about the introduction of AIRN and the promises of DRP, where DRP indicated that money or people or equipment would come forward to the land force, all those issues have not arrived.[8]

Linkages between recruitment and retention

1.32 The Committee determined that recruitment and retention should not be treated as separate subjects. Rather, the Committee took the approach that both subjects were strategically linked. Issues that influence retention of ADF personnel invariably impact on recruitment and vice versa. As an example, changes to pay and allowances in the ADF not only influence the willingness of existing personnel to continue serving, but also the willingness of people to join the ADF. Accordingly, the Committee has considered the effects on both recruitment and retention of any recommendations made in this report.

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7 Schmidtchen, D. (1999). Re–thinking the Psychological Contract Between Army and its People. Defence Force Journal, Jul/Aug, pp. 7–10

8 Witness 3, *Committee Hansard,* 17 August 2001, p. 544

Structure of report

1.33 The discussion of evidence received during the inquiry is organised into six chapters. In Chapter 2, the Committee examines issues associated with Defence Reform Program while in Chapters 3 to 6, the Committee discusses issues more closely associated with recruitment and retention of ADF personnel.

1.34 The evidence gathered by the Committee was wide–ranging. Evidence provided in submissions and during hearings was characteristically blunt, honest and passionate about the state of recruitment and retention in the ADF. Unfortunately, this evidence paints an overall depressing picture of morale in the ADF. Therefore, in order to derive full benefit from the evidence provided, Chapter 7 offers a way ahead on key recruitment and retention issues.

Acknowledgements

1.35 The Committee wishes to thank all of the people and organisations who made written submissions, gave evidence at hearings or contributed in some other way to the inquiry. The Committee would like to acknowledge particularly the assistance given by the Department of Defence during the Committee's tour of bases and conduct of discussion groups with ADF personnel.

CHAPTER 2

REFORM ISSUES

Introduction

2.1 Term of reference (b) required the Committee to inquire into the effects of the Defence Reform Program (DRP). In so doing, the Committee also assessed other reforms which preceded it, as some of the efficiency and rationalisation reforms of the DRP were begun earlier in the decade.[1] The purpose of these initiatives was to improve the operational capability of the ADF by moving military personnel from administrative to operational functions. However, much of the evidence was highly critical of these rationalisation measures, particularly the DRP. In this chapter, the Committee considers the reforms made over the last decade and assesses their effects on Defence, in the light of evidence received during the inquiry.

A history of reform

2.2 In 1991, Defence embarked on a program of force structure adjustments and reform. This was precipitated by a requirement to contain growing cost pressures within a decreasing resource base.[2] The key reforms are outlined below.

Force Structure Review (FSR)

2.3 This Review restructured the ADF and enhanced its combat capabilities by:

- reducing personnel numbers in headquarters and base support functions;
- extending western basing for Navy;
- extending northern basing for Army; and
- enhancing the forward deployment capacity of the Air Force.

The Commercial Support Program (CSP)

2.4 This program required the transfer of non-core support activities to the civilian sector where operationally feasible, practicable and cost effective.

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1 Department of Defence, submission no. 101, p 7

2 Secretariat Papers (1997), Addendum to the Report of the Defence Efficiency Review: Future Directions for the Management of Australia's Defence, p. 18

The Defence Logisitics Redevelopment Project

2.5 This initiated a national storage and distribution system.

The Defence Reform Program (DRP)

2.6 Triggered by the Defence Efficiency Review (DER), the DRP dictated:

- establishment of a Defence Headquarters program and further reductions in personnel numbers in operational level headquarters;
- rationalisation of the Defence Acquisition Organisation;
- reduction of military staffing in the Defence Acquisition Organisation;
- establishment of a military Support Command;
- establishment of a single Defence Personnel Executive to achieve greater integration and efficiency of personnel administration and management amongst the three Services;
- merging and contracting out of all basic non-military training across the three Services; and
- rationalisation of medical services.[3]

2.7 These reforms have increased the proportion of personnel assigned to combat and combat-related duties, but reduced the overall strength of the ADF. The proportion of personnel assigned to combat or combat-related duties increased from 40 per cent in 1990 to 62 per cent in 2001. ADF strength decreased by 29 per cent from about 70,000 personnel in 1989 to approximately 49,500 in May 2001.[4]

Effects of reform on recruitment and retention

2.8 The heart of the recruitment and retention problem lies in the fact that, during the 1990s, Defence initiated a number of efficiency and rationalisation measures in order to enhance the ADF's operational capability. In the process, the ADF's strength was reduced by 27 per cent and a workplace environment was established that undermined the principal reasons for service in the ADF.

2.9 The scope of the recruitment and retention challenges confronting the ADF were encapsulated during the initial public hearing with the Department of Defence on 25 June 2001, which reported:

- Recruiting targets have not been achieved since financial year 1997-98.

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3 Report of the Defence Efficiency Review (1997), Annex E, pp. E2–E8

4 Department of Defence, submission no. 101, p. 8

- A net annual loss of 1,500 personnel so that the organisation will not be able to meet a target force of 53,555 personnel by the year 2010.

Recruiting

2.10 Under the DRP, the Defence Force Recruiting Organisation (DFRO) was required to realise savings of $10 million over financial years 1997-98 to 1999-2000.[5] Permanent staffing was reduced from 511 to 421 personnel (military and civilian).[6] The advertising budget was also reduced.

2.11 This observation was confirmed by the Committee's visit to Career Reference Centres (CRCs) in Darwin and Townsville. Staff in each location reported that, due to a shortage of uniformed personnel, they were not able to devote enough time to:

- interviewing and screening potential recruits; and
- visiting community centres and schools.

2.12 Several witnesses in other regions of Australia noted the reduction of uniformed personnel in recruiting centres:

> We have reduced numbers here. We have lost a lot of people in recruiting centres… We have civilianised recruiting,… Consequently people walk into the recruiting centres and are lucky to see a uniformed person in that cell. Our uniformed people down here are not out in the streets any more, because three quarters of the jobs are civilianised.[7]

2.13 It was felt that shortages in uniformed personnel in recruiting units created a vicious cycle of recruitment and retention problems. Firstly, some recruits were not correctly screened, resulting in their discharge early in the recruit training process and obvious waste of resources. Secondly, some recruits did not receive comprehensive information on the demands of military service, resulting in their disillusionment with service life and election for discharge at the end of their initial engagement. This cycle was confirmed in some written submissions and hearings:

> I am an ex–career adviser for the Defence Force. I believed that Defence personnel are (sic) able to do a better job at recruiting than civilians. My reasons at the time were: how can a civilian tell you what it really is like in the Defence Force?[8]

2.14 During a visit to the Headquarters of the DFRO the Committee was informed that a plan had been implemented to increase permanent staffing levels, particularly in

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5 Department of Defence, submission no. 101, p. 13

6 Department of Defence, submission no. 101, p. 14

7 Witness 20, *Committee Hansard*, 27 July 2001, p. 397

8 Witness 13, *Committee Hansard,* 23 July 2001, p. 225

the Headquarters, from January 2002.[9] The Committee welcomes and supports this initiative.

Reduced respite postings

2.15 In an effort to position a greater proportion of personnel in the combat force, Defence has reduced the availability of respite posts for personnel. Respite posts include shore billets for Navy members after two years at sea, and posts away from operational units in the other two Services. It also means respite from service in tropical or remote areas, such as in the Northern Territory or northern Queensland. As one witness explained:

> I am in a writers category. My category was cut back from 510 to 276. It seems the Navy wants to concentrate purely on having a Navy at sea. They took away all our shore billets and they have civilianised a lot of writers duties.[10]

2.16 Another closely-linked issue is that commercial contractors have taken over many of the technical functions previously carried out by military personnel to maintain and enhance their trade skills. It appears that some core support activities may have been allocated to commercial contract rather than merely non-core support activities. This was explained by one witness as follows:

> In the case of a marine technician who might ordinarily have had to take out a gearbox and replace it, some of these types of tasks are now going to contractors, and the marine technician is left to sit idle. So these kids, despite the fact that they have a will to progress themselves technically, to progress their competencies, just do not have the opportunity to progress because there is a civilian person doing the tasks that they could, and in my view, should be doing.[11]

2.17 Another sailor said:

> The civilians do the contracts. The government sees them doing the contracts cheaper and so they say, 'Okay, we'll hand out more contracts.' consequently they headhunt more navy personnel. Consequently the experience level drops. There are electronics technicians down in the workshops who have never fixed a piece of kit. That is no exaggeration. they have been in the navy four to five years now and they have never fixed a piece of kit.[12]

2.18 This is particularly serious in the Navy. Sailors in technical musters are not allowed to do anything but the most menial of technical tasks ashore. It means that

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9 Colonel Mark Bornholt, Director, Defence Force Recruiting, brief to Senate References Committee, p. 2

10 Witness 11, *Committee Hansard*, 19 July 2001, pp. 93–94

11 Witness 18, *Committee Hansard,* 26 July 2001, p. 358

12 Witness 9, *Committee Hansard*, 19 July 2001, p. 90.

they get no opportunity to practise their trade skills ashore. Their work is therefore unsatisfying and frustrating. It becomes questionable whether their skills fall below the required standards for sea postings. With minimum manning, that could also pose a serious problem for a ship in a naval operation.

2.19 The reduction in the number of respite postings available to personnel has been the most detrimental of all effects created by Defence reform. This is due to the fact that it has created a retention problem and experienced personnel are finding it more difficult to continue their service in the ADF. Defence must review the number of uniformed positions in training and base support locations and create worthwhile respite positions to enable the rotation of its combat personnel.

Recommendation 1

The Committee recommends that the Department of Defence review all uniformed personnel listings at training and base support locations to ensure that:

- **Positions are available for uniformed ADF personnel to undertake respite posting.**
- **Positions are available for uniformed ADF personnel to practise their trade skills.**

Manning shortages

2.20 In base after base visited by the Committee, particularly those involved in training or support functions, which provide many of the respite posts, significant manning shortages were identified. These shortages resulted in the remaining staff having to do the work of more than one person. Consequently, they have to work long hours, which not only affects their own well-being but also puts pressure on their families or relationships. In effect, the work tempo in these bases was no better than many of the operational bases, which was defeating the purpose of providing respite for members who had come from operational units or sea postings.

2.21 It also means that they are also unavailable to attend various training and promotion courses, possibly putting them at a disadvantage in their career. This issue was a consistent theme throughout the inquiry. For example, a witness at Norforce in Darwin, albeit not in a respite position, explained her situation:

> One thing, on the regular side, is that I am a private soldier and I am posted into a corporal's position – this is within Norforce itself – and I also do the jobs of a regular sergeant and a reserve private. The corporal job that I do is a specialist job: nobody else can do it, because they do not have the training in it. Since being in Norforce I have missed out on two truck driver courses which would have extended my qualifications. I have also missed out so far

> on two promotion courses. I am hoping to get on the one at the end of the year.[13]

2.22 The witness told the Committee that she was regarded as being indispensable in her current position and therefore could not be released to attend courses. This was affecting her career:

> Without a hook or even two hooks on your arm you are – I am still – the lowest denominator. Even though I am doing that job [that of a corporal], and I am doing the sergeant's job as well, without those there is nothing. I am being posted at the end of the year, and unless I have at least one hook I will go back to the bottom of the barrel again because I am going to a brigade.[14]

2.23 Many other members complained about not being released to attend trade, general and promotion courses because of under-manning at their bases. It was regarded as being detrimental to their careers and a source of annoyance and frustration. In the Navy, the Committee was told that the only way to attend courses was to lodge a discharge notice.

2.24 A Chief Petty Officer Writer, a fourth generation member of the Navy, made a submission to the Committee about the effects of the DRP and CSP reforms. The frustration with the implementation of the reforms comes through clearly in this heartfelt submission. This submission is reproduced in Appendix 6 as an example of the way in which the reforms are hurting ADF personnel.

Reduced levels of base support

2.25 The decision to transfer non-core support activities to commercial contract also appears to have had a negative effect on ADF personnel. The Committee received evidence that the standard of base and administrative support provided to the ADF by commercial contractors varied around Australia. This may be due to the fact that many base support contracts were locally arranged at short notice and loosely defined. However, the decline in levels of support to personnel is affecting morale, as related by the following witness:

> We would probably argue that we do not get the same service from the areas that have been civilianised, particularly when it comes to computer support and investigative capability.[15]

2.26 Several witnesses suggested that the quantity and quality of food provided at base mess facilities had been reduced under commercial contract arrangements.[16]

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13 Witness 3, *Committee Hansard*, 25 July 2001,, p. 318

14 Witness 3, *Committee Hansard*, 25 July 2001, p. 319.

15 Witness 2, *Committee Hansard,* 18 August 2001, p. 543

16 Witness C, *Committee Hansard,* 18 July 2001, p. 47

Many argued that the standard and frequency of barracks cleaning services had declined.[17] Others explained that commercial contractors did not understand military requirements, were not responsive to customer demands after hours and actually created extra work for military staff:

> …either they stuff it up and we have got to do it again anyway or they do what they call a rebuild by respray: they just paint the part and send it back to Army. There is no accountability for that sort of repair. You could hear many horror stories from the guys in the room about the equipment we have got back from civil repair where nothing has been done. All they have done is wire brushed it off, given it a spray paint and sent it back to the Army, and they charge the Army an arm and a leg for the equipment they repaired.[18]

2.27 Clearly, the Department of Defence's rush to achieve savings resulted in contracts, which, in many cases, have provided a lower level of service than had previously been provided. It has also inconvenienced and frustrated serving members on various bases, particularly as the looseness of the contracts provide the ADF with no recourse to have services improved. Before service and facility contracts are renewed, the Department of Defence must review the standard of service provided at each base and ensure that future contracts do not expose ADF personnel to sub-standard levels of service and facilities. Although standards should, as far as possible, be uniform throughout Australia, the range of services provided by commercial contractors should be appropriate to each location.

Recommendation 2

The Committee recommends that, as contracts expire, the Department of Defence review all base support commercial contracts to ensure that an ADF–wide standard of base support is provided and that a range of services, such as those included below, be provided as appropriate to each location.

- **catering services that meet the diverse needs of ADF personnel;**
- **secure, safe and hygienic living accommodation;**
- **leisure facilities;**
- **financial services; and**
- **basic retail services.**

17 Witness 1, *Committee Hansard,* 26 July 2001, p. 333

18 Witness 19, *Committee Hansard*, 17 August 2001, p. 369

Management of reform

2.28 The Report of the Defence Efficiency Review recommended the establishment of an Implementation Team to assist line managers to prepare, commit and implement the detailed plans of reform.[19] Further, the Report recommended a special group be created within the Implementation Team to 'coordinate personnel adjustments and liaise with personnel authorities'.[20] The Committee could find no evidence to suggest that these recommendations had been followed through during reform activities. Rather, it appears that commercial contracting has been arranged on a regional basis and personnel reductions have been directed without proper liaison with personnel authorities.

Conclusion

2.29 Undoubtedly, the series of efficiency and rationalisation reforms instigated within the Department of Defence during the 1990s, and particularly the DRP, while possibly achieving their initial short-term aims, have had serious ramifications for retention and recruitment. The frustration, disillusionment and even anger stemming from the negative effects of civilianisation, outsourcing and reduction in manning of support functions in all three Services around Australia was very evident, both in public evidence and in private discussion. The long working hours for some people, the menial and boring tasks for others and the lack of joy and satisfaction in their work and Service life are taking their toll among all levels of ADF personnel. Many are discharging from the Services at the earliest opportunity. As serving members discharge, greater pressure is placed on the remaining members, who will have to work harder and longer, until they decide, too, that it is no longer worthwhile remaining in the Services.

2.30 Alternatively, contractors, which have contracts for work previously done by ADF members, poach qualified and experienced members with offers that many cannot refuse. They can offer lucrative remuneration packages because they do not have to train their staff; they lure trained staff from the Services who, in most cases, were trade trained by the ADF. It is the cost of all the training that members undertake and their experience that are lost when members discharge before Defence is able to recoup its investment in them. The Committee understands that ten years is about the break-even point for members with technical skills. Wherever the break-even point is for individual members, whenever members discharge prior to that time, Defence loses.

2.31 The recent high attrition rate includes many serving members who are discharging after their initial period of service, generally four or six years. There is copious evidence to suggest that many of these short-serving members are discharging mainly because of the effects on them of the efficiency and rationalisation reforms.

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19 Report of the Defence Efficiency Review (1997), Annex E, p. E8

20 Report of the Defence Efficiency Review (1997), Annex E, p. E8

2.32 It is not just the serving members themselves who are affected by this problem. Their families or partners also suffer. They have to take the brunt of all the disadvantages of regular moves, sometimes poor housing or housing on the periphery of towns and cities where facilities and amenities are basic or lacking, difficulties in getting spouse employment and educational problems for the children. It is often the families who rebel first, giving ultimatums – leave the Service or we leave you.

2.33 The savings achieved by the efficiency and rationalisation reforms that have been implemented are already or will be false economies. It is almost certain that the detrimental effects of those reforms will cost the ADF a lot more than the ADF saved through the economies introduced by the reforms. The cost of having to recruit and train new serving members to fill the places of people, who discharged as a direct result of the reforms, is a senseless waste of effort and resources. Although the ADF is **change weary**, until something is done to change the worst elements of the efficiency and rationalisation reforms, the Services will continue to haemorrhage in terms of personnel retention, and the cost of replacing those who leave because of the reforms will continue to escalate.

2.34 The Committee believes that there was no strategic planning for the efficiency and rationalisation reforms. It was not so much the concept but the implementation that was at fault. The ramifications of the implementation of the reforms for the ADF and serving personnel, in particular, were not properly assessed.

2.35 It is important that future reform of the ADF be carried out only after a study has been done of the likely effects of the reform on ADF personnel. Such a measure should avoid the mistakes that were made in the implementation of the DRP. Should future reform be substantial and widespread, it should be controlled, supervised and monitored from a central body within Defence. If it were to include contracts with commercial operators in different States and Territories, the contracts should be drawn up or at least closely vetted by a central body within Defence, to ensure that the contracts protect the interests of Defence and its personnel. Evidence given to the Committee indicated that commercial contracts under the CSP were, in many cases, documents which were poorly drafted and did not protect the interests of Defence personnel. It was clear that many ADF personnel were frustrated or irate that the contracts allowed contractors to escape their responsibilities in providing adequate services on some bases.

Recommendation 3

The Committee recommends that future Defence reform should not be undertaken without:

- **an ADF Personnel Environment Impact Study (PEIS); and**
- **an accepted Implementation Plan which incorporates the establishment of an Implementation Team.**

CHAPTER 3

THE CURRENT RECRUITING SYSTEM

Introduction

3.1 According to the Department of Defence, the ADF has not met its recruiting targets since financial year 1997/98.[1] In 1998-99, enlistments for the Permanent Force only met 80 per cent of the recruiting target and in 1999-2000, enlistments had dropped to 76 per cent. In that year, Navy enlistments only met 57 per cent of Navy's recruiting target.[2]

3.2 In its submission to the Committee, the Department referred to a 1997 report on 'Community attitudes to towards Careers in the Defence Force' by the company *New Focus*. This report argued that Defence faced an increasingly difficult recruiting task due to economic, demographic, brand image and societal factors.[3] In response to this report and subsequent updates from *New Focus,* Defence initiated several fresh recruiting strategies from financial year 1999-2000 onwards. These included a new strategic advertising campaign and the establishment of a call centre to handle enlistment enquiries. The recruiting achievement for financial year 2000-2001 was 33 per cent higher than the previous year, which would seem to suggest that these new strategies have been successful.[4] It should be noted, however, that Defence spent $32 million on recruiting advertising in 1999-2000 and $41 million in 2000-2001. The level of advertising would undoubtedly have contributed to the increase in improved recruiting results. However, overall recruiting targets are still not being met, especially in critical specialist trades.[5] This chapter examines the current ADF recruiting system and its strategies for meeting recruiting targets.

Background

3.3 There are three issues that impact on the current status of the ADF recruiting system.

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1 Department of Defence, submission no. 101, p. 10

2 Department of Defence, submission no. 101, p. C-5

3 Department of Defence, submission no. 101, pp. 10–12

4 Colonel Mark Bornholt, Director, Defence Force Recruiting, Australian Defence Organisation, brief to Senate References Committee 28 August 2001, p. 2

5 Colonel Mark Bornholt, Director, Defence Force Recruiting, Australian Defence Organisation, *Committee Hansard*, 25 June 2001, p. 10

The recruiting requirement

3.4 As mentioned in Chapter 2, during the 1990s, the ADF reduced personnel numbers from 70,000 to 49,500 as part of efficiency and rationalisation reforms. This had the flow-on effect of reducing the actual recruiting requirement. However, since 1999, the recruiting requirement has expanded. The ADF's operational commitment to East Timor required an increase of 3,555 personnel and the Defence White Paper has set the ADF a target to achieve a total strength of 53,555 by 2010.[6] The problem of meeting this expanded requirement has been compounded by the fact that earlier recruiting targets were not achieved and separation rates have increased.[7]

3.5 The current personnel strength of the ADF and the three Services is shown in Table 3.1.

Table: 3.1: Current personnel strength of the ADF and the three Services as at 10 May 2001

Service	**Target Strength** (By 2010)	**Actual Strength** (10 May 2001)	**Reserve Strength**(10 May 2001)	**Reserves on FT Service**
Navy	14,000	12,114	873	192
Army	26,000	24,091	16,739	485
Air Force	13,555	13,210	1,759	145
Total	53,555	49,415	19,371	822

Source: Department of Defence submission, p. 8.

The recruiting capacity

3.6 A second issue is recruiting capacity. The Defence reforms of the 1990s reduced the number of staff in recruiting units and created a tri-service recruiting organisation. Subsequently, the capacity of the Defence Force Recruiting Organisation (DFRO) to identify accurately and screen recruits has been reduced at a time when the requirement has expanded. This issue has been addressed in Chapter 2.

3.7 There are two further issues relating to the DFRO on which the Committee wishes to comment. The first is the level of the Director of the DFRO. At present, the Director is a Colonel. The view was expressed by Committee members at the hearing on 21 September 2001 that the Director of DFRO, in view of the crucial role of that

6 Department of Defence, submission no. 101, p. 8

7 Department of Defence, submission no. 101, p. 25

organisation should be a one star officer rather than a Colonel (or equivalent). This is no reflection whatsoever on the incumbent of the position.

3.8 The second matter is the location of the DFRO. It is located in Tuggeranong, the most distant district centre in Canberra. It is the only part of Defence Personnel Executive (DPE) that is not located in the Russell Offices. It is beyond the Committee's comprehension that such an important directorate has been relegated to the periphery of Canberra. Apart from anything else, there is a psychological advantage in co-locating the staff of Headquarters DFRO with DPE and Defence Headquarters at the Russell Office centre of power. The Committee therefore believes that Headquarters DFRO is best situated at the Russell Office complex.

3.9 The Committee raised both matters with the Head of Defence Personnel Executive, Rear Admiral Shalders, who said that he shared the Committee's concerns about both matters and that both were under consideration.

Recommendation 4

The Committee recommends that Headquarters DFRO be moved to co-locate with Defence Personnel Executive and the Headquarters of the Department of Defence at the Russell Office complex.

Recruiting flexibility

3.10 The third issue is recruiting flexibility. Defence has been testing the use of a commercial provider (Manpower Defence Recruiting [MDR]) for elements of the recruiting function in Victoria, Tasmania and southern New South Wales. Changes to the recruiting process and ADF enlistment policies throughout Australia have been frozen pending the outcomes of this trial, which is now due for completion by September 2002.

Marketing and advertising

3.11 The current DFRO marketing and advertising strategy is to target the audience group of 17-24 year olds.[8] In developing this strategy, DFRO moved from a 'lifestyle' campaign in 1999-2000 to three single Service campaigns in 2000-2001.[9] Defence funding for advertising was increased to $41 million to support these campaigns.[10] Each campaign, where possible, was supported by career lecture team tours:

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8 Colonel Mark Bornholt, Director, Defence Force Recruiting, Australian Defence Organisation, *Committee Hansard*, 25 June 2001, p. 6

9 Colonel Mark Bornholt, Director, Defence Force Recruiting, Australian Defence Organisation, brief to Senate References Committee 28 August 2001, p. 2

10 Department of Defence, submission no. 101, p. 14

> We try to get the career lecture team tours throughout each state, basically, twice a year. However, given the size of the recruiting organisation, we are unable to do that in every town and every school with our current capacity. We aim to go to every school twice a year.[11]

3.12 According to Defence, the marketing and advertising campaign for 2000-2001 contributed to better than normal 'across-the-board' enlistment results.[12] Unfortunately, the campaign was not directed at critical trades or wider ethnic groups where the main recruiting deficiencies exist.

3.13 Interestingly, in the range of evidence received by the Committee, marketing and advertising was the one aspect of the recruiting process that received the most adverse comment. These comments focussed on two broadly perceived deficiencies. Each of these deficiencies is linked to the decision to trial the use of a commercial provider for elements of the recruiting function and this will be discussed later in this chapter.

3.14 One perceived deficiency was that the ADF was not doing enough to market itself to cadets, schools, wider ethnic groups and the general community. As one witness explained:

> …That leads to the fact that in recruiting we hang our hat on the shiny presentation of the electronic media and print media stuff that we send out. Community engagement does not feature there. We are not getting to the parents and telling them, 'Gee, this is a good opportunity for your child to get a head start in life. We are not taking it from the other mentors that they have in society such as their scout group leader or their teachers, saying, 'Service in the Defence Force is service to your country and is something you should be looking at.'[13]

3.15 Another perceived deficiency was that recruiting advertising did not depict a realistic picture of the challenges and benefits of a career in the ADF. One submission argued:

> …too much emphasis has been placed on what might be termed "lifestyle" recruiting, eg the fighter pilot in his cockpit proclaiming that he is just a regular guy who goes home to his girlfriend at night. Does the ADF really want people who are looking for a 9 to 5 job which just happens to require the wearing of a uniform? Should not advertising stress the challenges of service life?[14]

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11 Department of Defence, submission no. 101, p. 13

12 Colonel Mark Bornholt, Director, Defence Force Recruiting, Australian Defence Organisation, *Committee Hansard*, 25 June 2001, p. 10

13 Witness 5, *Committee Hansard*, 25 July 2001, p. 330

14 Mr J Townley, National Conditions of Service Committee, The Returned and Services League of Australia Limited, submission no. 47, p. 2

3.16 Interestingly, MDR tracks all reasons for a recruitment enquiry and/or an initial visit to an MDR office. Analysis of the 19,811 enquiries generated, as a percentage, between 4 September 2000 and 31 August 2001 is as follows:

- 36% from television;
- 32% from print/local press;
- 9% from referrals;
- 8% from the Internet;
- 6% from family;
- 4% from field recruitment activities;
- 4% from friends; and
- 1% from radio.[15]

3.17 The Committee notes that DFRO intends to have a closer liaison with the Defence Public Affairs and Corporate Communication Division to assist marketing and advertising. It also notes that the Department of Defence Action Plan for People includes an initiative to improve public relations and communications.[16] However, the Committee has not yet received evidence of a clearly articulated strategic marketing and advertising plan that targets general, critical trade and ethnic groups for the ADF.

Recommendation 5

The Committee recommends that the Department of Defence develop a long-term strategic ADF marketing and advertising plan that supports recruiting by:

- **appealing to the real reasons for enlistment;**
- **targeting general, critical trade and wider ethnic groups; and**
- **promoting ADF links with the community.**

The recruiting process

Introduction

3.18 The Committee gained a better understanding of the recruiting process by visiting the DFRO, the Defence Service Centre (DSC), a call centre based in Cooma, ADF Recruiting Units (ADFRU) in Sydney and Melbourne, and Career Reference Centres (CRC) in Darwin and Townsville. The Committee also visited the Army

15 Information supplied by Mr Neil Littlewood, National Manager, MDR, 24 September 2001.

16 Department of Defence, submission no. 101, p. 41

Recruit Training Centre at Kapooka and the Navy recruit training centre at HMAS Cerberus.

Current recruiting process

3.19 The Director of Defence Force Recruiting, Colonel Mark Bornholt, provided the Committee with an outline of the current ADF recruiting process during the public hearing on 25 June 2001 at which Defence first gave evidence to the Committee.[17] This process is outlined in Figure 1 below. Under this process an applicant is enlisted in four phases.

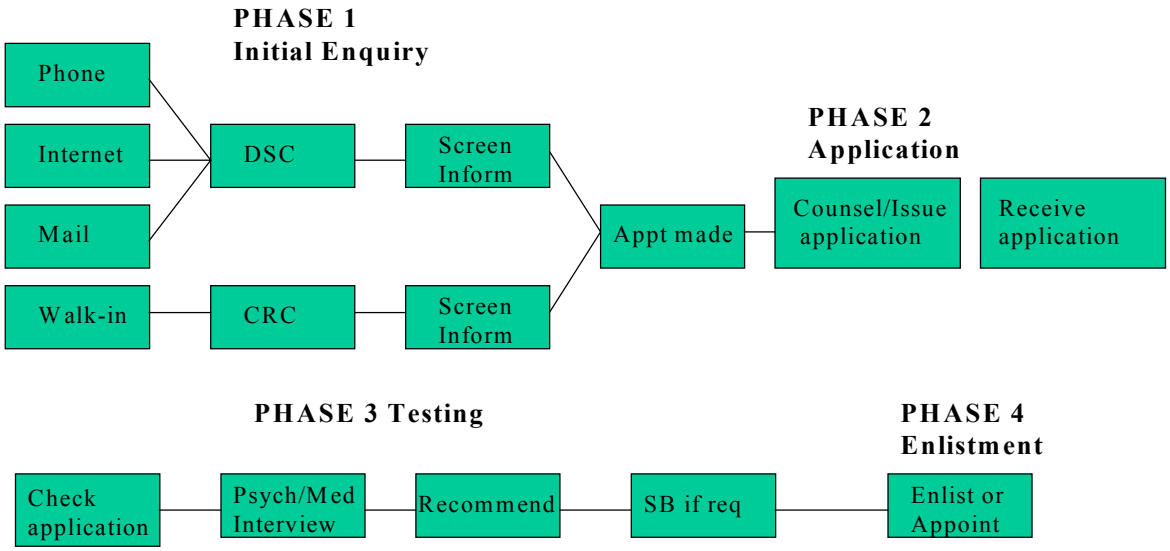

Figure 1: A flow diagram of the current recruitment process

17 Colonel Mark Bornholt, Director, Defence Force Recruiting, Australian Defence Organisation, *Committee Hansard*, 25 June 2001, p. 7

3.20 In the first phase, the DSC, CRC or ADFRU responds to an initial enquiry by conducting an initial applicant screening and providing career information. Since 27 November 2000 most initial enquiries have been handled by the DSC. This organisation operates nationally beyond normal business hours and on Saturdays. The Defence National Recruitment telephone number, 131901, recorded a total of 476,843 calls in the period 1 January to 19 August 2001.[18] While a percentage of these calls are not defence related or are unsuccessful, the DFRO reported approximately 156,964 new eligible recruiting enquiries in 2000-2001.[19]

3.21 An initial enquiry is followed by an appointment at the nearest CRC or ADFRU to receive specific information, counselling and complete an application for enlistment. This phase might be completed as part of a tour of regional centres when uniformed recruiting staff are available. The DFRO reported 31,259 applications in 2000-2001.[20]

3.22 In the third phase, applicants attend their nearest CRC or ADFRU to undergo psychometric and medical testing, interviews, and selection boards (according to the category of their application). This is the most resource intensive phase of the recruiting process and requires careful co-ordination. The Committee heard that testing applicants in regional areas created special challenges for recruiting staff.[21] In these cases, either the applicant was brought to the nearest CRC or testing staff from the CRC conducted a tour of regional centres. The DFRO reported 5,742 enlistments in 1999-2000 and 7,697 in 2000-2001.[22]

3.23 The final phase involves the procedural enlistment or appointment of a successful applicant. A summary of statistics for enquiries, applications and enlistments for the ADF in the last three financial years is at Table 3.2 below.

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18 Defence Service Centre, summary of call operations statistics, Cooma, 24 August 2001, p.1

19 Headquarters, Defence Force Recruiting Organisation, Summary of enquiry/application/enlistment statistics, 11 September, 2001, p.1

20 Headquarters, Defence Force Recruiting Organisation, Summary of enquiry/application/enlistment statistics, 11 September 2001, p.1

21 M. Fitzpatrick, Brief to Senate References Committee on external policy/process impediments, 24 August 2001

22 Colonel Mark Bornholt, Director, Defence Force Recruiting, Australian Defence Organisation, *Committee Hansard*, 25 June 2001, p. 10

Table 3.2: Summary of statistics for enquiries, applications and enlistments[23]

	FY 98/99	FY 99/00	FY 00/01
Enquiries	90,944	146,605	156,964
Applications	23,783	26,934	31,259
Enlistments	5,361	5,742	7,697

Issues associated with the recruiting process

3.24 The Committee heard considerable criticism of the current recruiting process during public hearings and noted similar criticisms in written submissions. These criticisms were assessed during the Committee's tour and discussions with various organisations involved in ADF recruiting. The Committee noted several issues in regards to recruiting capacity and flexibility. These issues are addressed below.

Initial screening and provision of information

3.25 Initial screening involves confirming that the applicant has the correct age, citizenship and education for enlistment into the ADF. Appropriate recruiting information is then dispatched to eligible applicants. Staff at the DSC, various CRCs and DFRO indicated that this phase of the process was made difficult by poorly articulated single Service eligibility criteria.[24] This issue was substantiated by several written submissions that claimed a 'lack of accurate and adequate recruiting information at Defence Recruiting Centres'.[25] In order to address this issue, DFRO has requested the DPE to provide 'clear, unambiguous statements of the requirements for age, education, citizenship, psychology, medical and character (drug usage/conviction history) standards'.[26]

Testing

3.26 The psychometric testing, medical testing and enlistment interviews take up a large portion of the recruiting process. A considerable number of written submissions complained about time delays involved in this phase of the recruiting process. Several submissions criticised delays in service transfer and re-enlistment procedures.[27] Other

23 M. Fitzpatrick, brief to Senate References Committee, 24 August 2001, p. 1

24 Committee discussions with Careers Reference Centre, Townsville, 17 August 2001

25 Mr Paul Koerber, submission no. 67, p. 1

26 M. Fitzpatrick, brief to Senate References Committee on external policy/process impediments, 24 August 2001, p. 1

27 See submission no. 65 as an example

submissions questioned the medical test disability guidelines regarding asthma, body-mass-index, broken bones in the previous two years and eyesight[28]. The Committee notes that DFRO are making efforts to streamline the general testing process. According to Colonel Mark Bornholt:

> All we are doing is taking better advantage of technology and moving the psychometric testing up front so that we are able to examine what trades an individual is suitable for on the day that he comes in, instead of him coming in and going through the process and then at some stage we say to him, 'You are not psychologically suitable to do X; go and do Y', which is what we are doing the moment.[29]

3.27 In addition, where testing procedures and policies are outside of their control, DFRO has sought guidance from DPE. To prevent delays in service transfers, DFRO has recommended that single Service agencies manage and resource these activities.[30] To prevent delays in re-enlistments, DFRO has recommended single Service agencies adhere to a maximum processing time of one week for ex-service record checks.[31] In an effort to streamline medical testing, DFRO has requested Defence Health Service Branch to review medical standards that exclude recruitment to the ADF. Brigadier Wayne Ramsey informed the Committee that the Branch was undertaking a number of studies, including one to address the issue of asthma.[32]

3.28 The Committee received some submissions, which have not been released because individuals have been named, referring to great difficulties trying to transfer from one Service to another or transferring from the Reserves to the Permanent Force. Their experiences would have deterred most people. The ADF cannot afford to drive serving members to discharge while trying to transfer to a different Service, by the apparent incompetence of some recruiting staff.

Lateral Recruiting

3.29 Considering that the ADF continues to experience a shortfall in critical trades, the Committee was interested in what steps the Department of Defence had taken to pursue lateral recruiting. This concept was first recommended in the Cross Report of 1988 and refers to the 'enlistment of individuals who already possess desired

28 See submission no. 150 as an example

29 Colonel Mark Bornholt, Director, Defence Force Recruiting, *Committee Hansard,* 25 June 2001, p. 20

30 M. Fitzpatrick, brief to Senate References Committee on external policy/process impediments, 24 August 2001, p. 3

31 M. Fitzpatrick, brief to Senate References Committee on external policy/process impediments, 24 August 2001

32 Brigadier Brendan Ramsey, Director General, Defence Health, Australian Defence Organisation, *Committee Hansard*, 25 June 2001, p. 21

qualifications or skills'.[33] The Committee similarly assessed that this form of recruiting could aid retention.

3.30 Apart for the normal lateral recruitment of medical officers, chaplains, lawyers and public relations officers, the Committee could find no other evidence of a concerted scheme of lateral recruiting. Some hearings and submissions provided evidence in support of lateral recruiting.[34] Indeed, Army informed the Committee of a 'reserve apprentice scheme pilot program' to engage in partnerships with apprentice employers and training institutions.[35] This initiative is commended. Given the shortage of critical trades and the level of support in the ADF for lateral recruitment, the Committee concluded that such a scheme was worthy of further investigation by the Department of Defence.

Information supplied by recruiting organisations

3.31 The Committee received considerable evidence of misleading information by recruiting organisations about life in the ADF, transfers between musterings and conditions of service. In a brief tabled by Colonel Bornholt at the hearing on 21 September 2001, it is stated:

> The implication that applicants are discharging before completion of recruit training because of inconsistent information is not supported in fact. Discharge rates are relatively low at approximately 7% during recruit training and the proportion of these attributed to inconsistent information is considered to be extremely low. However, there is a problem with provision of information and consistency. This issue is addressed in the Defence Submission which indicates that this caused by a lack of people following DRP cutbacks which has in turn resulted in fewer counsellors and the inability of the organisation to maintain information data bases. Defence will fund a new IT platform to address the information issue in 2002 and the restructure of the DFRO headquarters which will be effected in 2002 will provide sufficient personnel to maintain data bases and information systems.

3.32 Applicants who receive wrong information at recruiting units or centres may not discharge during initial training. They may do their initial four or six years and then discharge. That is not in the interests of the ADF. The ADF cannot recoup its investment in recruiting and training young people if they discharge after their initial period of enlistment. A witness at HMAS Stirling told the Committee:

> When I was in, I did two years down at *Cerberus* and, when they came to us at the CAT schools, the kids said, 'We're going to get this, this, this and this. This is what the recruiting officer told us.' I said, 'No, you're not. This

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33 Joint Committee on Foreign Affairs, Defence and Trade, *Personnel Wastage in the ADF-Report and Recommendations,* November 1988, p 184

34 Witness 5, *Committee Hansard,* 1 August 2001, p 419

35 Brigadier Mark Evans Director-General Personnel Army, *Committee Hansard,* 21 September 2001, p 737

> is what the Navy is going to give you, not what the recruiting officer told you.' So they did their four years and said, 'We're jack of this. We came in under false pretences; we're not going to get it,' and so they bail out.[36]

3.33 When asked whether he had any specific examples, he replied that he was one himself:

> I came back in this time because I actually wanted to join the Army and go to Special Forces. I was assured by the recruiting office in Adelaide that, if I came back into the Navy and made their recruiting level look good again and then apply to transfer over, I would have no troubles. I started all the paperwork, and I now have a large stack of paper. I got in and the Navy said, 'No. Bad luck, mate, you're in.' I said, 'Here's all the paperwork from the recruiting office,' and they said, 'Well, you're in the Navy now. You signed a four-year contract. If you didn't want to sign that, you shouldn't have. You are in now. Bad luck.'[37]

3.34 Asked later whether the information he received came from uniformed or civilian staff, he replied:

> The kellick was the first person I went to. He was actually an ex-stoker who changed over to a cook, and I knew him personally. He lied to me first. The PO at the recruiting office lied to me. Then some RAAFy lied to me and said, 'This is what will happen.' She guaranteed it to me. When I signed the dotted line and took the oath again, she guaranteed it to me. Now I have been stuck.[38]

3.35 Another sailor at the same base said:

> What happened to me was this: at the age of 19 and coming from Noosa, not knowing much about the Navy at all - all I wanted to do was be a diver - I was told at Recruiting, 'We haven't got any diver billets at the moment. Go in as a QMG and, once you do your training and everything, you'll change straight over.' That never happened at all. It took me five years to become a diver. That is bullshit. Five years is a long time doing something I did not want to do.[39]

3.36 The Committee received many other examples of similar misinformation being given to applicants by recruiters. It is possible that some applicants only hear what they want to hear. They do not listen to information about the difficulties that all Service members face. However, the consistency of evidence given to the Committee indicates that there is a problem and that some recruits enter the ADF with the wrong impression about some aspect of their service. Given the cost of training ADF

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36 *Committee Hansard*, 19 July 2001, p. 82.

37 *Committee Hansard*, 19 July 2001, p. 82.

38 *Committee Hansard*, 19 July 2001, p. 83.

39 *Committee Hansard*, 19 July 2001, p. 82.

members and the current shortfall in personnel, any misinformation given to applicants, which might lead to their discharge even after their initial period of enlistment is not in the interests of the ADF. The Committee notes that the DFRO staff numbers will be boosted next year and the organisation will receive new IT equipment that will assist it significantly in many ways, including dissemination of information. Nevertheless, DFRO should ensure, as far practicable, that information given to applicants in recruiting units and CRCs is accurate.

Conclusion

3.37 In general terms, the Committee is satisfied that Defence has identified the shortfalls in the current recruiting process. However, the implementation of procedures to streamline the recruiting process has been very slow. The Department of Defence must give priority support to DFRO to introduce changes in process and policy to enhance the recruiting process. At the same time, to improve recruiting of critical trades, the Department should investigate a scheme of lateral recruiting.

Recommendation 6

The Committee recommends that the Department of Defence, as a matter of priority, support and implement changes to streamline the current recruiting process as proposed by HQ DRFO:

- **providing adequate manning for DFRO to plan and conduct recruiting,**
- **developing unambiguous policies on pre-enlistment requirements (particularly for age, education, citizenship, psychology, medical and character [drug usage/conviction history]), and**
- **developing clear policies and procedures for enlistment, re-enlistment, Service transfer and medical disability restrictions.**

Outsourcing recruiting

Introduction

3.38 In 2000, the Department of Defence entered into a contract to use a commercial provider for ADF recruiting. Such a trial has not been conducted for Defence Forces in other Western countries. Accordingly, the Committee toured the ADFRU Melbourne on 26 July 2001 and conducted a public hearing with MDR on 21 September 2001.

The Contract

3.39 According to the Chief Executive Officer of Manpower, Mr Malcolm Jackman, the original contract was arranged to provide recruiting services for the ADF on a national basis for six years at a cost of $180 million dollars. The initial year

would be $10 million, as it was only for the southern region.[40] As part of this contract, Manpower was required to conduct a recruiting pilot in the southern region (Victoria/Tasmania/southern New South Wales). The pilot was originally intended to run from 1 July 2000 until 30 June 2001 Contract difficulties prevented the trial from commencing until 4 September 2000.[41] Mr Jackman told the Committee:

> Our initial understanding was that there would be an evaluation at about nine to 10 months out from the start of the pilot and that, after that evaluation, a decision would be made about whether to go into a full national roll-out. I will give you the background to that. That was set up with a planned start date of July last year. That seemed to be a fairly practical and realistic timetable. The roll-out was eventually delayed and did not occur until the beginning of September. Then, when we looked at the timing, it showed that, if we started doing national roll-out, we would actually have been doing national roll-out in the middle of the prime recruiting season, which is happening right now. We had already experienced some down time and negative impacts on results by actually rolling the trial in September. So it was in agreed to bring the evaluation forward, and that was conducted towards the back end of the first quarter of this year.[42]

3.40 Manpower was asked what benchmarks were included in the contract against which an evaluation might be conducted. Mr Littlewood, National Manager of MDR, said that there were Key Performance Indicators (KPIs) in the contract but no benchmarks. Mr Jackman added:

> What has transpired is that the ability to benchmark our performance under the original contract was not there. That is the cold, hard reality of life, which is why we are going forward with the phase 1A pilot where there will be a very formal evaluation criteria. The evaluation is formalised at the beginning, it will be conducted, as I understand, by Deloittes—although I am not sure that a contract has been signed—and all the criteria are being established now as we go forward as to how the evaluation will be conducted.[43]

3.41 Mr Jackman said that the 'contract is not the style of contract that we would have normally entered into with a commercial organisation. It is a very laborious contract. It is obviously a guide for sufferers of insomnia!'[44] He also said:

> but when we got to the cold, hard reality of life as to where we were going with this nine or 12 months out or where we were going with this in July,

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40 *Committee Hansard,* 21 September 2001, p. 720

41 *Committee Hansard,*21 September 2001, p. 717

42 *Committee Hansard*, 21 September 2001, p. 717

43 *Committee Hansard,* 21 September 2001, p. 718

44 *Committee Hansard,* 21 September 2001, p. 719

> the reality is that the weaknesses of that contract were well and truly exposed and there was no formal, as you say, line in the sand about which you could say, 'If we cross that line in the sand, we are successful.' That had consequences for all of us. It transpired that both ourselves and Defence agreed that we were not in a position to make a definitive decision to roll forward to national roll-out, because the contract basically said, 'Upon completion of a successful pilot, we will go forward with a national roll-out.' Nobody at that point could then define actually what was a successful pilot and that is why we have gone on to phase 1A.[45]

3.42 The revised contract for the period 4 August 2001 until September 2002 would be subject to 'continuous evaluation by mutually agreed, established documented criteria'.[46] Mr Jackman said:

> We have agreed that in September of next year Defence has the absolute discretion to go forward. At that stage it will be a two-year contract from that point. The contract will not be the original six-year term. If we do roll out, we will roll out at the beginning of the calendar year 2003. If Defence agrees not to roll out, then we are still obligated - and obviously will meet that contractual obligation - to provide the recruiting services in the southern region until the end of March 2003.[47]

3.43 The Committee was concerned at the loose contractual details regarding this trial. Although KPIs were included, there were no benchmarks. In other words, the contract lacked a proper evaluation mechanism. As the first 12 months of the contract was a pilot project in the southern region to assess whether it was worthwhile proceeding with the contract, it is astounding that stringent evaluation measures were not included in the contract. It was remiss of Defence not to include a full evaluation regime in the contract so that both sides had confidence that Manpower's performance was adequately assessed and a decision to continue with the contract or terminate it was soundly based.

Fee for enlistments

3.44 The contractor receives a fee for every enlistment. There are four levels of fee to reflect the different cost structures for processing people for different enlistment categories - general entry, technical trade, direct entry officer, or aircrew officer.[48] Recruitment fees for the period September 2000 to August 2001 were: $4,300 for general entry, $5,150 for technical trade, S6,000 for officer and $7,650 for aircrew officer.[49] Without the four different fee levels, there would be little incentive to enlist

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45 *Committee Hansard,* 21 September 2001, p. 719

46 *Committee Hansard,* 21 September 2001, p. 721

47 *Committee Hansard,* 21 September 2001, p. 722

48 *Committee Hansard,* 21 September 2001, p. 727

49 Information supplied by Mr Neil Littlewood, National Manager, MDR, 24 September 2001.

people for officer training, as recruiting processes are more stringent and lengthy, and therefore expensive.

Advertising

3.45 In addition to contractual difficulties, the trial to outsource ADF recruiting includes a couple of impediments for the contractor. First, the commercial contractor cannot structure the 23-24 per cent of the Defence recruiting advertising budget spent in its region.[50] This arrangement restricts the flexibility of the contractor to target potential applicants.

Service uniformed staff

3.46 The number of permanent uniformed staff allocated to the contractor has been increased from 33 to 47 since the trial began. Defence pays the salaries of these uniformed staff but any administrative or operational costs while posted to Manpower are the responsibility of Manpower. The evidence is overwhelming that uniformed staff must deal with potential recruits. It is partly psychological but it is also important in having Service members who can talk to potential applicants about life in the Services. Whether recruiting is done by the ADF or by a civilian contractor, there will always be the need for uniformed Service people to provide face-to-face contact with the public.

3.47 Service members will also have to do the visits to schools and other public places and events as it is the uniform that attracts most potential applicants.

Achievement

3.48 MDR provided the Committee with evidence of their recruiting strategies, which included a regional focus, remote testing, improved staff training, and information tours. Discussions with MDR staff indicated that uniformed personnel were properly used to conduct or provide advice for applicant interviews. According to Mr Malcolm Jackman, the main advantage a commercial contractor brings to the recruiting process is 'intellectual capital'.[51] MDR, in conjunction with the DFRO, have also introduced sophisticated candidate management data base system to facilitate the recruiting process.

Conclusion

3.49 It would not be appropriate for the Committee to comment at this stage on the future of outsourcing of Defence recruiting. The pilot stage is continuing and a stringent continuing assessment regime is being finalised and implemented. An independent assessor will conduct the evaluation and then the Department of Defence and the Minister of Defence will have to decide whether there is a real advantage in

50 *Committee Hansard,* 21 September 2001, pp. 724–725

51 *Committee Hansard,* 21 September 2001, p. 727

proceeding with the Manpower contract, not only in financial terms but in all other ways.

3.50 The original contractual arrangements with Manpower for the trial leave much to be desired and deserve further scrutiny by ANAO.

Recruiting input versus training capacity

3.51 In many respects, the recruiting process is not complete until a person arrives at their first duty post. The Committee heard evidence that a large number of recruits were waiting to commence trade training. This delay is attributed to the fact that ADF trade training establishments are undermanned and have not been prepared for an increase in the recruiting effort. This was explained by one witness in the following way:

> Training areas in my school are 80 per cent manned. This means that there is an inherent delay in being able to respond to and deliver on targets. We have kids out there who for four of five months are waiting to start courses. The singles fare better than the marrieds. The marrieds come in and their partners may have had to forgo their job. They are on a training wage only and have to go into a holding pattern for an extra five or six months. Financially that has a significant impact on them.[52]

3.52 This issue has been acknowledged by the ADF. According to DFRO, ADF training organisations are attempting to adjust their training regimes and timetables to better interface with the recruiting need.[53] Director-General, Personnel and Training for Navy provided evidence that:

> Some 15 months ago we had a backlog of MTs - marine technicians - on the beach, as we say, working in our fleet intermediate maintenance activity centres. Through some close management with Fleet and other areas of the Navy, we have managed to clear that particular backlog and we do not have any left sitting on the beach in those particular categories.[54]

3.53 Brigadier Paul Retter, Chief of Staff, Training Command, Army told the Committee:

> on the issue of our capacity problems, it is fair to say that, in line with the DRP process and Army's requirement to restructure to a 23,000 ARA and a 27,000 reserve sized Army, the Training Command was limited to approximately 3,000 ARA staff. Certainly, that did limit and does limit our capacity. We are in the process of increasing the size of the command to

52 Witness 22, *Committee Hansard*, 24 August 2001, p. 628

53 Colonel Mark Bornholt, Director, Defence Force Recruiting, Australian Defence Organisation, brief to Senate References Committee 28 August 2001, p. 3

54 Commodore Louis Rago, Director General, Defence Personnel Executive, Department of Defence, *Committee Hansard*, 27 August 2001, p. 677

> meet an expected increase in the size of Army and, as a result, an increased demand for recruits to be trained, but that is going to take some time to put in place and it is fair to say that we are in catch-up mode. Why are we in catch-up mode? As I am sure you are aware, a significant number of issues have occurred since 1999, such as the increase—at government direction—of 3,000 ARA within Army, the protracted operations in Timor—and, as a result, potentially higher separation rates—and the introduction of significant new equipment in the last few years. All of this has increased the amount of training that we are required to deliver.
>
> I do not deny the fact that Training Command is at present unable, in 18 of the 165 trades, to meet the capacity that is demanded of us; however, the induction process we are putting in place—this management process—will alleviate many of the concerns that you have expressed.[55]

3.54 The Committee asked Brigadier Retter about the instructor manning situation at Kapooka, where the Committee had received evidence that staff there were very overworked trying to deal with the increased numbers of recruits arriving for their common induction training. Brigadier Retter replied:

> In the first instance, we have addressed the manning shortfalls that existed through an 10 additional corporals. It is also our intention in the next month or so to address the longer term issue of looking at the structure of that organisation, with a view to increasing the number of staff there by in the order of 20 to 30 personnel. That is a formal review process which occurs with Army headquarters staff. It is acknowledged that the personnel at Kapooka are working too hard. As a result, that is an issue for both retention in the Army and the capacity of the organisation.
>
> But it is not just Kapooka. There are other training organisations that pick up the trained recruits and train them in their particular initial trade, of which we have 165. Of those, there are about 18 in which we find at present we do not have the capacity to meet demand. In those areas we are again seeking supplementation from land command in the first instance and in the longer term we are looking at structural changes and increases in the number of instructors so that we can increase the capacity of the command to deal with the numbers we are facing.[56]

3.55 Brigadier Retter said that other initiatives are also being undertaken, such as outsourced commercial training for medical assistance training and basic driver training.

3.56 The Committee is pleased that something is being done to avoid having recruits placed in 'holding platoons' for many months waiting for trade training, especially as they are on a training wage, which may cause financial problems for

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55 *Committee Hansard*, 2I September 2001, p.740.

56 *Committee Hansard*, 21 September 2001, p 739

some of them or disadvantage spouses or partners. It is imperative that the requirement to hold recruits for some time before their trade training should be removed as soon as possible.

Conclusion

3.57 The Committee collected detailed evidence regarding the current process for recruiting ADF personnel. From this evidence it is clear that, in the last two years, the ADF has encountered a recruiting conundrum. The challenge has been to match an increasing recruiting requirement with diminished capacity and flexibility. The Department of Defence has made limited attempts to solve recruiting problems. The Committee finds that a more strategic approach is required in terms of marketing and advertising the ADF and streamlining the recruiting process. However, any effort to enhance recruiting achievement must be matched with fresh efforts to proportionally increase training capacity.

Recommendation 7

The Committee recommends that the Department of Defence ensures that the training capacity of the three Services be bolstered to match the recruiting effort.

CHAPTER 4

THE CURRENT CAREER PATH

Introduction

4.1 Chapter 1 included a discussion on the reasons people join the ADF. The Committee recognised the fact that many people join the ADF for a secure career. Indeed, Australian and other western Defence Forces advertise job security and career benefits in their recruiting campaigns. Naturally, ADF personnel expect their career to be managed with appropriate training, education and promotion milestones available along a career path. In this chapter, the Committee will examine the retention issues associated with the current career path available to ADF personnel.

Strategic personnel management

Background

4.2 The Defence Personnel Executive (DPE) is the strategic-level personnel management agency for the ADF. This agency is responsible for the development and maintenance of personnel policies and plans. The Committee found that some of the ADF's retention problems are embedded at this strategic level.

Strategic influence

4.3 The Committee noted that, while DPE retained the responsibility for strategic personnel planning, it had no representation on strategic ADF decision-making committees. The Head of DPE, Rear Admiral Shalders, explained that:

> In terms of the role of the Defence Personnel Executive within Defence, it is correct to say that we have no direct say on the Defence Committee, which is the peak defence executive committee, but there are some nuances to that that I should explain. The first nuance is that I do attend the Chiefs of Staff Committee and I report on a monthly basis on personnel issues to that committee, so there is a very close focus on personnel issues at that level. I am not a member of the Defence Committee, but in terms of personnel issues I have a channel through to that committee through one of the deputy secretaries who is the chairman of the Defence People Committee, one of the subordinate committees below the Defence Committee. As for personnel issues that need to be taken to the Defence Committee, they do invite people to attend and present those issues. In fact, two have been conducted since I have been in the job and I have attended that committee.[1]

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1 *Committee Hansard*, 21 September 2001, p. 746

4.4 The Committee believes that, if 'people are the key to capability', then DPE should be part of the strategic decision-making process. Moreover, the recent personnel crisis in the ADF strengthens the need for the Head of DPE to be a member of the Defence Committee. It is not enough for ADF personnel matters to be handled in that Committee by surrogates, including by non-uniform members. It is essential that, in future, when decision are taken on other major matters, the ramifications for personnel are fully considered.

Recommendation 8

The Committee recommends that the Head of Defence personnel Executive be made a member of the Defence Committee.

Strategic communications

4.5 The Committee developed the clear impression, having considered the issues raised in hearings and submissions, and the facts presented by the Department of Defence, that many of the grievances voiced by ADF personnel are due to misunderstanding of policies and poor communication. Successive Defence reforms have caused some personnel policies and procedures to change several times in a short period. ADF policy on technical trade civil accreditation is a case in point. Indeed, the Committee itself experienced difficulty in confirming the latest information on many policies. Different information is provided between the Internet, Service manuals and Service newspapers. For these reasons, the Committee believes it would be prudent for the Department to develop a clearer strategic plan to communicate career management and personnel policies to ADF members.

Human resource specialists

4.6 The ADF develops its strategic level managers under a 'generalist' philosophy. This means that officers are regularly posted and given a wide variety of different appointments to provide them with a general understanding of different facets of the ADF. They are eventually promoted to a strategic management position, often with minimal specialist experience for that appointment. It should be noted that three people have occupied the position of Head of DPE in little more than 12 months.

4.7 It might be argued that this 'generalist' approach prevents the development of intellectual capital in strategic areas such as DPE. Accordingly, some submissions to the Committee have recommended the development of 'specialist' officer streams in strategic areas to facilitate better management.[2] Such officers would be specifically trained and posted to the area of their strategic speciality from the middle part of their career onwards. If this approach were to be adopted in Human Resource (HR) management, then it is likely that more intellectual capital would be developed in

2 Dr Nick Jans, *Committee Hansard*, 20 September 2001, p. 693

agencies such as DPE. The Committee notes that Army has begun this process of 'career streaming' as a result of its Project OPERA study.[3]

Conclusion

4.8 The first step to rectifying personnel retention problems is the establishment of the correct strategic framework for addressing such problems. Currently, this framework lacks strategic muscle and intellectual capital. The inclusion of Head DPE in the Defence Committee and the development of a human resource (HR) management career stream would go some way towards improving this strategic framework.

Recommendation 9

The Committee recommends the Department of Defence review its strategic framework for personnel management to include:

- **a clear strategic communication plan to convey information on career management and personnel policy, and**
- **career streaming for ADF officers in HR management.**

Technical and non-technical trade training and education

Background

4.9 Following recruit training, a member of the ADF attends specific technical or trade training (also referred to as Initial Employment Training). The length of this training varies according to the type of trade or specialist skill sought. By way of example, initial trade training for an Army plumber is conducted over a 14 month period at the Army Logistic Training Centre, Bonegilla Victoria.[4] Alternatively, a non-technical trade Airforce cook undertakes an ADF Initial Cooks Course for 19 weeks at the ADF School of Catering, HMAS Cerberus, Victoria.[5] Clearly, the conduct of technical and trade training is the first opportunity for the ADF to honour its 'psychological contract' with personnel by providing appropriate training and qualifications.

3 Australian Army (2000) *The Australian Army Officer Corps of the Future*, 12 October 2000, p. 17

4 Defence Service Centre (2001) Recruiting Brochure, General Entry Technical Trade—Plumber (Army) 12 June 2001, p. 3

5 Defence Service Centre (2001) Recruiting Brochure, General Entry Non–Technical Trades—Cook (Air Force) 1 June 2001, p. 3

Civil accreditation

4.10 The Committee developed an understanding of retention issues associated with technical and non-technical trade training from its visits to training establishments, such as HMAS Cerberus and RAAF Wagga Wagga. One of the most prominent issues raised on technical and non-technical trade training was the availability of civil accreditation for ADF training. Numerous personnel argued that they were electing discharge because their trade training in the ADF was not recognised for civil employment purposes. One witness explained:

> We do not get a trade but we do get qualifications towards a trade. If I were to leave the Navy today after nearly 3½ years I would be qualified as a third year apprentice electrician. As far as retention goes, if the Navy were still offering proper trades, not just trade qualifications, it would attract a lot more people. To get an A grade electricians licence I would have to do about five or six more TAFE modules—that is probably around 100 hours of study - 500 hours working for an electrician.[6]

4.11 The Committee notes that the Department of Defence has developed a policy for civil accreditation. According to Mr Brendan Sargeant, Deputy Head of DPE:

> Our policy is that all defence training, unless there is a really compelling operational reason otherwise, ought to be accredited in the national system, and we have a work program that is designed to ensure that integration. Our policy aim is that when people undertaking training in Defence the qualifications and recognition that they get is portable nationally, so that when they leave the defence work force they are employable. What is happening is that that policy has been made and the services are moving towards it, but it represents a big fundamental and strategic shift in our policy direction.[7]

4.12 While Defence has an official policy of providing civil accreditation, the practical application of this policy has fallen short in some areas. The Director-General Personnel for Air Force argued that:

> For aviation trades Defence, accreditation does not meet the full licensing requirements of the civil sector but individuals can complete the qualifications on an individual basis. During restructuring of the aircraft trades in the mid-1990s, Air Force arranged for one-off bridging training and encouraged members to participate. However, a number ignored this opportunity such that they now lack accreditation. This was a matter of

6 Witness 16, *Committee Hansard*, 19 July 2001, p. 99

7 Mr Brendan Sargeant, Director–General, Personnel Policy and Employment Conditions, Australian Defence Organisation, *Committee Hansard*, 27 August 2001, pp. 684–685

> individual choice and there is little that the Air Force can do for these individuals. [8]

4.13 The Committee notes that this bridging training is no longer offered to technical trade personnel originally affected by the rationalisation and therefore causing experienced technical members to leave the ADF. The Committee understands the frustration of Air Force that some technicians did not avail themselves of the earlier bridging course. However, as this may be a retention issue, it would advisable for Air Force to reconsider its stand and arrange bridging training to assist those personnel still affected by technical trade rationalisation.

4.14 Air Force also did not provide any explanation as to why aviation trades are not accredited in the civil sector. It is unfortunate that the Committee did not have an opportunity to question Air Force about this situation. However, the Committee presumes that, if there were a compelling operational reason for not having aviation trades accredited in the civil sector, it would have been mentioned in the briefing paper. As there was none, the Committee can only assume that one did not exist.

4.15 In view of the fact that there may be some trade courses in the three Services that are not fully accredited in the civil sector, it is important that recruits be advised of that fact before embarking on one of those courses.

Recommendation 10

The Committee recommends that aviation trades be structured to enable accreditation in the civil sector.

Recommendation 11

The Committee recommends that, where recruits are due to undertake trade courses which lack civil accreditation, they be advised of the fact before commencing those courses and given the opportunity to transfer to an alternative course.

Continuation training and education

4.16 There is also an expectation among ADF personnel that Defence will provide continuation training and education to allow the performance of current and future tasks. The Committee accepts that the focus of this training and education should be to promote the needs of the Service. However, many respondents argued that the failure of the ADF to allow personnel to upgrade their trade or education standard caused them to seek employment elsewhere. One witness explained:

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8 Air Commodore Jim Cole, Director-General, Personnel–Air Force, *Statement to Committee*, 17 September 2001, p. B–3

> A lot of the concern leading to their getting out is because the Army falls way behind civilian technology. I am a diesel mechanic and the stuff I work on is fairly primitive compared to the electronic developments that are in civvy street. You have a choice of either staying in the Army for your whole career or get out after your six years trade.[9]

Conclusion

4.17 The Department of Defence has been addressing the civil accreditation issue since 1998. The level of criticism on technical and non-technical trade qualifications during hearings and in written submissions would suggest that the new policy is either not well communicated to ADF personnel or not meeting expectations. Also, it should be noted that this new policy would mainly benefit those technical trade personnel trained after 1998. Personnel who received their technical trade training before 1998 may not have civil accreditation under the new guidelines and may not benefit from current continuation training schemes. For these reasons, the Committee believes that the Department should review its policy for civil accreditation of technical and non-technical trade training and education.

Recommendation 12

The Committee recommends that the Department of Defence review technical and non-technical trade training policies in the ADF to ensure that:

- **technical and non-technical personnel receive nationally recognised civilian accredited qualification,**
- **technical trade specialists are certified and licensed within the national training authority framework, and**
- **technical trade specialists receive continuation training and education.**

Career management

Background

4.18 ADF personnel report for on-the-job training or full duty with their posted unit at the end of their technical or trade training. From this point, their career is managed at Service, trade and unit level. At the operational level, each Service has a Director-General of Personnel responsible for managing, developing and posting all ranks. Separate career management agencies manage other rank and officer trades within each Service. Commanders at unit level liaise with career management agencies regarding the management, development and posting of unit personnel. The Committee received considerable comment, some quite uncomplimentary, on career management issues during the inquiry.

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9 Witness 10, *Committee Hansard*, 23 July 2001, pp. 221–222

General career management

4.19 Many respondents had the general perception that career management was non-existent in the ADF because individual needs were rarely considered above Service needs. The Committee developed the view that Service needs were taking a higher priority simply due to the fact that there was a shortage of ADF personnel and career management was therefore 'reactive' rather than 'pro-active'. This was explained by the Director-General of Navy Personnel and Training:

> The sea to shore ratios have reduced over the last two to three years because of the shortages of people overall throughout the Navy. That means we have fewer people available to send to sea. We have a policy of manning our ships to 100 per cent to meet operational requirements. The current figure for our shore positions overall for the Navy is 32 to 34 per cent undermanned—so we have a shortage ashore.[10]

4.20 Another contributing factor might be the ratio of career managers to ADF personnel. The ratio of career managers to Service personnel is outlined in Table 4.1. This is supported by one witness's response to the Committee:

> Career management is not happening because the posters - and believe me, they do work very hard; I know most of them personally - just do not have the time to properly career manage any individual.[11]

Table 4.1 Ratio of career managers to ADF personnel

	Navy[12]	Army[13]	Airforce[14]
Other Ranks	1:450	1:400	1:475
Officers	1:200	1:332	1:275

4.21 The ratios tell a story. It would be impossible for one person to manage, even just adequately, the 400 to 475 persons he or she is required to do in respect of other ranks. Yet those other ranks depend on those career managers for progressing their careers. Even the workload for officer career managers is daunting. Clearly,

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10 Commodore Louis Rago, Director–General, Navy Personnel and Training, Department of Defence, *Committee Hansard*, 27 August 2001, p. 678

11 Witness 17, *Committee Hansard,* 26 July 2001, p. 375

12 Commodore Louis Rago, Director–General, Navy Personnel and Training, Department of Defence, *Committee Hansard*, 27 August 2001, p. 676

13 Brigadier Mark Evans, Director–General, Personnel–Navy, Department of Defence, *Committee Hansard*, 27 August 2001, pp. 691–692

14 Air Commodore James Cole, Director–General, Personnel–Air Force, Department of Defence, *Committee Hansard*, 27 August 2001, p. 692

additional career managers are required. If careers are not managed, personnel do and will leave out of sheer frustration.

4.22 The perception that medically down-graded ADF personnel were no longer fostered by their Service was a more serious issue associated with career management. As one witness explained:

> Hand and hand with that, if a soldier gets injured, he expects to get looked after. If soldiers train hard and get busted and know they will get looked after, that will keep them in the Army. The soldiers do not believe they have that security if they get injured (at present).[15]

4.23 The current policy is inexplicable. The Committee is aware that all ADF members should be fit for operational duty. However, where ADF members injure themselves on duty or even while playing sport within or for the ADF, those injured members should, wherever practicable, be re-employed in a non-operational area. Throughout the inquiry, the Committee was informed of the serious manning shortages necessitating members working long hours to do the work of two or three people. Yet, the Committee understands that many members, although carrying disabilities in terms of operational fitness, would still be fit enough to carry out the duties in many vacant positions. The Committee cannot see the logic in discharging those members on medical grounds.

4.24 Moreover, there is a psychological factor involved in these medical discharges. It is being seen as though members are no longer part of the ADF 'family', which would be one less reason for a member to stay in the ADF. If the ADF does not appear to give loyalty to members in all circumstances, why give the ADF unstinting loyalty?

4.25 The Committee was also told that many ADF members have become more reluctant to undertake contact sport to avoid the occurrence of injury that might eventuate in discharge on medical grounds.

Specialist career management

4.26 Management of specialist personnel also received criticism during the inquiry. The Committee received several submissions from medical personnel, pilots and chaplains arguing that Defence failed to train, develop and manage specialist personnel. As an example, Dr Michael Seah submitted that:

> the ADF does not give enough flexibility to doctors wishing to retain or develop their clinical skills. I have seen my colleagues leave the ADF, disgruntled by the lack of career options, the inability to pursue clinical training and increasing disparity between what they are paid compared to colleagues in the civilian world. Although there has been as a submission

15 Witness 3, *Committee Hansard,* 17 August 2001, p. 544

> on a career structure review for Medical Officers, it has been two years since the original plan was to be implemented, no doubt caught up in bureaucracy and hierarchical concerns about the extra money doctors should be paid to make remaining in the ADF an attractive option. If the career structure review is not finalised and implemented soon, the ADF will continue to lose experienced military doctors, and face the increasing costs of employing contract civilian replacements.[16]

4.27 Also, chaplains pointed out the absence of a clear career path and absence of a 'comprehensive and clearly structured approach to tri-service chaplaincy' in their speciality area.[17]

Conclusion

4.28 It was clear, from the evidence received by the Committee, that dissatisfaction with career management was seriously reducing ADF morale and contributing significantly to personnel retention problems. Improved recruiting strategies will eventually address personnel shortages and allow 'pro–active' career management. However, to address problems with general career management the Department of Defence might improve the ratio of career managers to personnel and develop a career management policy for medically downgraded personnel. The Department should also develop fresh policies for the career management of specialist trades.

Recommendation 13

The Committee recommends that the Department of Defence review the manning of career management agencies to ensure a more equitable ratio of career managers to personnel and thereby improve career management procedures.

Recommendation 14

The Committee recommends that the Department of Defence develop an alternative career management policy for ADF personnel who are medically downgraded.

Recommendation 15

The Committee recommends that the Department of Defence review policies for the career management of specialist trades to enable:

- **the development of specialist career paths,**

16 Dr. Michael Seah, submission no. 89, p. 1

17 Name withheld, submission no. 24, p. A–1

- **continuation training to maintain equivalent civil qualifications eg medical clinical training, and**
- **a choice between specialist streaming and general streaming eg flying duties only/medical officer duties only without promotion.**

Promotion

4.29 One of the outcomes of career management is individual promotion according to experience, training and performance. The ADF rank structure demonstrates a clear path of promotion for all ranks. Like other forms of employment, promotion within the ADF provides the individual with greater responsibility in exchange for improved pay and (in some cases) conditions of service. Again, ADF personnel view the opportunity for promotion as another clause in their 'psychological contract' with the Department of Defence.

4.30 The Committee heard evidence that the outsourcing of non–core activities and rationalisation of Defence personnel positions had reduced the opportunity for promotion in some ranks and trades. This appeared most prevalent in the Sergeant to Warrant Officer rank stream. For example:

> In the past, with CSP again, a lot of our positions have been cut and taken by public servants, so the higher positions are not there anymore. In the past two years I believe that our 14–16 warrant officers have been cut down to six, so our positions have gone there.[18]

4.31 Clearly, this issue is related to the implementation of reform. Therefore, the conclusions and recommendations discussed in Chapter 2 equally apply to this issue. However, the Committee believes that some form of alternative career promotion path should be provided to those ranks and trades most affected by Defence reform.

The ADF personnel model

Background

4.32 Unless a Return of Service Obligation (ROSO) applies, ADF personnel are enlisted for a Fixed Period of Service (FPS). Generally speaking, this will mean a period between four and six years for Other Ranks and a period between six and nine years for Officers. This FPS is generally open–ended. This means that there is no requirement for a person to select another FPS, merely a requirement to give warning of intention to separate from the ADF.

4.33 There are three incentives for a member to continue service. Firstly, there is the incentive of a continued career path with associated conditions of service. Secondly, personnel who attain a rank between Sergeant and Major (with some

18 Witness 40, *Committee Hansard*, 24 July 2001, p. 287

exceptions) are eligible for a Retention Benefit of a full year's salary after completion of 15 years' continuous service.[19] Finally, there is a system of long service awards after 15 years continuous service. Outside of these incentives, the Committee could find no evidence of an ADF personnel model that offers progressive terms of service, recognition of service or incremental retention benefits.

Terms of service

4.34 The Committee is concerned that, despite increasing personnel recruiting and retention problems, the ADF has not developed terms of service aimed at retaining experienced personnel. Evidence presented to the Committee suggested that, under the existing terms of service, the ADF was losing personnel just as they developed a useful level of experience and knowledge.[20] This was also identified by one respondent who explained:

> The (open ended enlistment) system of engagement does not allow the ADF to assess its manning levels and needs, as does a contract based system. It appears it is too easy for personnel to discharge in today's ADF.[21]

4.35 In its formal submission to this Inquiry the Department of Defence detailed several flexible employment initiatives designed to attract and retain personnel. These initiatives included:

- the development of new entry terms of service;
- a review of ROSOs; and
- extension of the limited tenure appointment and promotion schemes.[22]

4.36 These initiatives are commendable and require urgent attention. With regards to the development of new entry terms of service, the Committee notes that Army has introduced a reduced initial period of service trial for critical trades.[23] Under this trial, gun numbers and supply operators will enlist for a two-year period rather than a four-year period. The Committee believes that this initiative should be very carefully monitored. The main concern of the Committee is giving the impression that members only stay in the ADF for a short space of time. This would be counter-productive and expensive in terms of recruiting and training if many members only served short enlistments. The Committee is aware of the drastic shortage of personnel in some critical trades and understands the ADF's apparent willingness to try almost anything to fill some of those positions.

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19 Commonwealth of Australia (2000) Summary of the Military Superannuation and Benefits Scheme, February 2001, p. 4

20 Witness 1, *Committee Hansard*, 19 July 2001, p. 80

21 Mr Brian Mason, submission no. 16

22 Department of Defence, submission no. 101, p. 39

23 Brigadier Mark Evans, Director-General Personnel Army, *Committee Hansard,* 21 September 2001, p 737

4.37 Similarly, the review of ROSOs could examine the option of full-time ADF personnel transferring to the Reserves at the completion of their term of service. This is discussed in more detail in Chapter 6.

Retention incentives

4.38 The issue of terms of service is closely linked to the issue of retention incentives. In the last 15 years, the ADF has utilised a number of retention and completion bonuses to retain key occupational groups, with varied success.[24] In addition, personnel qualify for specific conditions of service after certain periods of continuous service (for example the Defence Services Home Loan). Neither of these incentives is managed as a reward for past or future service. The overwhelming evidence from hearings and submissions was that a system of incremental retention incentives should be spread across each phase of a member's career. These incentives might be financial or conditional. For example:

> Perhaps every time you signed on there could be a smaller retention benefit. It does not need to be one big retention benefit at 15 years, it could be paid in smaller amounts for shorter time spans along the way.[25]

Discharge

4.39 The system for a person to separate from the ADF varies among the Services. Resettlement training is available but current personnel shortages make it difficult for individuals to attend this training. In some cases, personnel who notify an intention to discharge are treated as 'second class citizens' and denied training opportunities. This creates ill feeling and discourages ex-service personnel from recommending a career in the ADF to potential applicants. These problems might be eliminated if the ADF maintained graduated terms of service and a more positive discharge package that includes:

- compulsory resettlement training,
- formal recognition of service, and
- formal provision of a record of service/qualifications and employment reference.

4.40 The important consideration is that the person discharging is farewelled properly for the service given to the ADF. If a person is allowed to depart with some grace, that person is likely to remember the ADF with positive feelings rather than negative ones. If positive, the member may enlist in the future or enlist in the Reserves. Even if a discharging member never does either, a positive view of the ADF will likely encourage other people to join.

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24 Department of Defence, submission no. 101, p. 38

25 Witness 17, *Committee Hansard*, 24 July 2001, p. 274

Conclusion

4.41 The existing broad ADF personnel model does not encourage service beyond initial engagement. While there is evidence to suggest that the ADF is reviewing employment conditions, there appears to be no graduated system for engagement or incremental retention incentives and recognition of service. Based upon evidence received in hearings and submissions, the Committee is of the view that a fresh broad personnel model should be developed. This model should include fixed terms of service. Each term of service should be packaged with an appropriate form of recognition and an incentive to continue either full-time or part-time service. For example, the initial term of three years service is concluded with the award of an 'ADF Three Year Service Badge' (to be worn on general duty dress) and the payment of a $2000 lump sum. If the member agrees to another three-year term they qualify for a Defence Home Loan. If the member elects discharge then they receive resettlement training, formal record of service and employment reference. The Committee feels, from the evidence received, that such a graduated and incremental personnel model would attract and retain personnel for the ADF.

Recommendation 16

The Committee recommends that the Department of Defence investigate and develop a new ADF personnel model with the following characteristics:

- **fixed terms of engagement;**
- **incremental retention incentives;**
- **incremental recognition of service; and**
- **a formal discharge package.**

CHAPTER 5

CURRENT CONDITIONS OF SERVICE

Introduction

5.1 Chapter 1 referred to the unique nature of military service. Media coverage of ADF operations in Timor, Bougainville and the Solomon Islands has enabled Australians to witness this service and recognise its hazardous qualities. More recently, the ADF has played a major role in handling illegal immigrants and has been put on notice to assist in a multinational campaign against terrorism. It should be no surprise, then, that ADF personnel expect special conditions of service in return for providing unique service. Over the past decade, a collection of departmental and independent reports and surveys have indicated that many ADF personnel do not believe they receive adequate remuneration for their service. The commonly held view is that conditions of service are being 'eroded' and that this is causing experienced people to separate from the ADF. Unfortunately, this belief was repeated in the evidence presented to the Committee during this Inquiry. This chapter discusses specific conditions of service that are affecting recruitment and retention of **full-time** ADF personnel.

Pay and allowances

Background

5.2 Under present remuneration arrangements, ADF personnel receive a rank-based salary. Allowances are added to this salary according to the nature and location of duty being conducted by the member. The Committee notes that ADF pay and allowances are currently being adjusted and reviewed in accordance with the ADF Enterprise Productivity Arrangement. This Arrangement was heard before the Defence Force Remuneration Tribunal on 11–12 November 1999 and resulted in a two-year program of adjustments to ADF salaries and salary-related allowances. This included a 3.5 per cent per annum salary increase to be phased in between 11 November 1999 and 9 May 2002.[1]

5.3 At the time of preparing this Report, the Committee was aware that Major General Barry Nunn was reviewing remuneration arrangements for ADF personnel. The Nunn Review was handed to the Minister for Defence on 31 August 2001. Unfortunately, the fact that the recommendations of the Nunn Review have not yet been made public has prevented the Committee from taking them into account when preparing this Report.

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1 Mr Adrian Wellspring, Acting Director–General, Personnel Policy and Conditions Branch, *Statement to Committee*, 21 September 2001, p. B–1

5.4 The Committee received a variety of views on ADF pay and allowances whilst conducting this inquiry. Many respondents indicated that pay was not as significant a retention issue as career management and family support.[2] However, an equal proportion argued that the level of ADF pay and allowances was the single most important retention issue.[3] The Committee was not structured to investigate all aspects of ADF pay and allowances in the same manner as the Nunn Review. Therefore, rather than microscopically exploring all remuneration entitlements, the Committee took the broad approach of investigating those strategic factors that influence ADF pay and allowances.

Base Salary: discrimination by rank or responsibility?

5.5 The ADF salary structures have a number of salary increments at each rank.[4] In broad terms, these increments represent a time-based progression entitlement and are designed to recognise the level of competency, experience and responsibility usually associated with the rank. However, in real terms, the level of responsibility associated with the rank varies between appointments. For example, the Commander (RAN) appointed to HMAS Anzac carries a greater degree of responsibility for personnel, finance and materiel than the Commander (RAN) appointed as an instructor at the Australian Command and Staff College. Yet each rank level receives the same base salary regardless of responsibility.

5.6 The Committee does not accept the Acting Director–General, Personnel Policy and Conditions Branch view that 'the additional responsibilities of command can be recognised through non–salary benefits such as the provision of a vehicle or allocation of a tied residence'.[5] Under existing arrangements, a vehicle is only provided for duty hours and very few Defence Housing Authority (DHA) houses are tied to ADF command appointments. Salary discrimination is clearly a retention issue. An ADF member is discouraged from service if they cannot associate a tangible benefit with additional rank and responsibility. The Committee came to the view that the Department of Defence should develop a system of remuneration that recognises responsibility as well as rank. This view was reinforced by the fact that the issue of salary discrimination was reflected in a great deal of the evidence presented to the Committee. For example:

> Another issue is pay, which is probably not given the attention that it warrants. I understand that it is restricted to, say, Public Service rates of pay. But at the key levels, such as commanding officer, there is a lot of risk

2 Flight Lieutenant Andrew Fickling, submission no. 71, p. 1

3 Witness D, *Committee Hansard,* 18 July 2001, p. 46

4 Mr Adrian Wellspring, Acting Director–General, Personnel Policy and Conditions Branch, *Statement to Committee*, 21 September 2001, p. C–2

5 Mr Adrian Wellspring, Acting Director–General, Personnel Policy and Conditions Branch, *Statement to Committee*, 21 September 2001, p. C–3

> associated with being at that level, yet the pay does not necessarily reflect the risk which is part of that rank.[6]

Taxation

5.7 Taxation is another broad issue impacting on ADF pay and allowances. Members of the ADF accept that their salary is taxed at the same rates as other Australian Government employees. However, evidence from hearings and submissions indicated that new taxation procedures for ADF allowances have had a detrimental impact on morale. Some allowances are taxed and this reduces the benefit originally intended by the allowance. For example, the 15–year retention benefit of one year's salary is taxed.

5.8 A greater problem occurs when a member receives a reportable fringe benefit. Benefits are only reported when the total taxable value of fringe benefits for a member in a Fringe Benefit Tax (FBT) year exceeds $1000. This is the case with allowances such as Reimbursement of Removal Expenses when moving from Defence Housing to Own Home in the same locality. The Committee is aware that on 16 February 2001 the Minister Assisting the Minister for Defence announced the Government's decision to exempt Defence personnel from reporting a fringe benefit removal carried out at Department expense, however this does not apply to removals to Own Home in the same locality.[7]

5.9 The fringe benefit amount is not used to assess the amount of income tax paid. However, according to Mr Adrian Wellspring, the Acting Director–General Personnel Policy and Conditions Branch, 'it will be used in certain tests for Government benefits and obligations such as the Medicare levy, superannuation surcharge, termination payments surcharge, HECS repayments and child support obligations'.[8] For example, a Private in Darwin with a spouse and two children suffers a drop on $890 per annum in Family Tax Benefit Part A by reporting fringe benefits of District Allowance and Remote Locality Leave Travel.[9] Another soldier said that his Centrelink family and child support payments increase by reportable fringe benefits on his payments certificate. The general debilitating impact of taxation on benefits is summed up by one witness as follows:

> Fringe benefits affects members in many different ways. Once it is shown on the group certificate, although the member is not required to pay any more tax on his income, what happens is that the ATO see that amount of fringe benefits and they add it to the member's taxable income for the year.

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6 Witness 2, *Committee Hansard,* 23 July 2001, p. 202

7 Minister Bruce Scott, Minister Assisting the Minister for Defence, *Media Release*, 16 February 2001, p1

8 Mr Adrian Wellspring, Acting Director–General, Personnel Policy and Conditions Branch, *Statement to Committee*, 21 September 2001, p. 4

9 Mr Adrian Wellspring, Acting Director–General, Personnel Policy and Conditions Branch, *Statement to Committee*, 21 September 2001,p. C–6

> If the member is paying child support – which I happen to be paying - their income for that year increases by the amount of the fringe benefit; therefore my child support payments increase. Also what happens is that my family tax benefit, which I receive for the childe I am looking after, decreases. …they are not really fringe benefits at all.[10]

Remote locality

5.10 As a result of the Force Structure Review many ADF units are now based in remote areas of Australia. Personnel posted to these locations receive specific benefits and allowances to compensate them for serving in a remote locality. In order to develop an understanding of the recruitment and retention issues associated with service in remote localities, the Committee visited ADF personnel in Darwin, Katherine, Puckapunyal, Townsville and Wagga Wagga.

5.11 The Committee discovered that there are many inconsistencies in the allocation and application of remote locality benefits and allowances. Many of these inconsistencies can be attributed to the Department of Defence definition of a 'remote locality'. For example, Townsville is designated a remote locality, yet it has better access to many services than Puckapunyal and Wagga Wagga which are not deemed as remote localities. ADF personnel in Wagga Wagga cited the fact that electricity costs were higher and that there was a shortage of medical services in comparison to Townsville.[11] The Committee also heard that the Electricity Allowance (used to run airconditioners in the wet season) is granted to ADF personnel posted to RAAF Base Tindal but not in Darwin, yet the climatic conditions would appear to be similar.[12] Such inconsistencies in the definition of a remote locality have contributed to dissatisfaction and low morale amongst many ADF personnel.

5.12 Another issue associated with isolated posts is the application of Remote Locality Leave Travel (RLLT). This benefit involves free travel for an ADF member and their dependants to the nearest capital city in order to 'provide relief from the climatic and isolated conditions associated with living in a remote locality'[13]. This benefit is in the form of an airline ticket and Defence has a contract with Qantas (effective April 2000) for an airfare valued at 68 per cent of the normal fare.[14] Of course, a member may offset the airfare entitlement to fund travel by an alternative means, to an alternative destination, or to pay for a relative to visit them in the remote locality. However, it appears that the establishment of the discount airfare with Qantas means that members who elect to offset their entitlement do not receive the same

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10 Witness 42, *Committee Hansard,* 24 July 2001, pp. 288-289

11 Witness 39 and Witness 40, *Committee Hansard,* 24 August 2001, pp. 647–649

12 Witness 30, *Committee Hansard,* 23 July 2001, p. 256

13 Mr Adrian Wellspring, Acting Director–General, Personnel Policy and Conditions Branch, *Statement to Committee*, 21 September 2001, p. C–1

14 Mr Adrian Wellspring, Acting Director–General, Personnel Policy and Conditions Branch, *Statement to Committee*, 21 September 2001, p. C–3

benefit as other government employees in the same locality. The Committee heard that ADF personnel in Katherine received $1,236 per adult if they elected to offset their RLLT airfare while other government employees in the same area received a larger lump sum 'into their bank account every 12 months'.[15] It is natural to expect that ADF personnel do not feel they are receiving a return for unrestricted service when their remote posting benefits do not match or exceed other government employees providing restricted service.

Conclusion

5.13 The Committee concluded that no single pay or allowance issue was causing ADF personnel to separate from the Service. Rather, a number of pay and allowance related problems have combined to give ADF personnel the impression that their unique service is not valued. The key strategic factors affecting ADF pay and allowances are the discriminators for base salary, taxation and the definition of a remote locality. The Committee felt it was important to include the level of responsibility as a discriminator for calculating base salary, remove the negative impact of reportable fringe benefits on salary, and more accurately define remote localities for allowance purposes. These measures would provide unique pay and allowances for ADF personnel in fuller recognition of the unique nature of their military service.

Recommendation 17

The Committee recommends that the Government instigate a salary system for uniformed personnel that recognises their appointed responsibility in addition to rank, competency and experience.

Recommendation 18

The Committee recommends that the Government review ADF benefits currently reported as fringe benefits on members' payment certificates where those fringe benefits have an unintended and unfair effect on family-related benefits and payments.

Recommendation 19

The Committee recommends that the Department of Defence investigate and review its classification of remote locality postings in order to ensure a more equitable distribution of benefits.

15 Witness 43, *Committee Hansard,* 24 July 2001, p. 290 (confirmed by Mr Adrian Wellspring, Acting Director Personnel Policy and Conditions Branch)

Recommendation 20

The Committee recommends that the Department of Defence align the RLLT entitlement to match other government employee entitlements.

Equity

Background

5.14 The Committee noted the release of the Burchett Report on 16 August 2001, regarding Harassment in the ADF. While many submissions indicated that media reports of harassment in the Navy and Army had affected recruiting levels, the Committee received no evidence of widespread harassment in the ADF or any associated retention issues. However, the Committee received several submissions regarding discrimination in the ADF and the impact of this on recruitment and retention. These submissions focussed on discrimination against gay and lesbian service personnel.

Policy issue

5.15 The key issue regarding discrimination against gay and lesbian service personnel is spousal recognition. Existing ADF conditions of service recognise the opposite sex partners of service personnel for benefits such as relocation, housing, leave and travel entitlements, and service related death or injury benefits. Several submissions to the Committee have correctly pointed out that 'these benefits are not extended to the same sex spouses of service personnel'.[16] Further, these submissions argued that, as a result of this discriminatory policy:

> …many good, qualified, experienced and enthusiastic members of the general community decline to join the ADF. Equally, many good, qualified, experienced and enthusiastic members of the ADF leave.[17]

5.16 The Committee asked the Department of Defence to respond to this issue during a public hearing on 25 June 2001. The Department reported that its current policy on same-sex spouse recognition is aligned with the Marriage Act (1961), which defines marriage as the union of a man and a women, and the Sex Discrimination Act (1984), which defines a defacto spouse as a person of the opposite sex.[18] In addition, the Department indicated that, according to exit surveys, 'equity is not one of the primary reasons' for personnel to leave the ADF.[19]

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16 Mr Rodney Croome, Tasmanian Gay and Lesbian Rights Group, submission no. 77, p. 2

17 Senator Brian Greig, Australian Democrat, Western Australia, submission no. 98, p. 2

18 Major General Simon Willis, Head, Personnel Executive, Australian Defence Organisation, *Committee Hansard,* 25 June 2001, p. 29

19 Ms Justine Greig, Director, Strategic Personnel Planning and Research, Australian Defence Organisation, *Committee Hansard*, 25 June 2001, p. 31

Conclusion

5.17 Whilst accepting Defence equity policies, the Committee notes that same sex relationships are recognised to varying degrees in other Government departments, such as the Department of Foreign Affairs and Trade.[20] This fact, combined with the number of submissions received on the issue, led the Committee to conclude that recruitment and retention of ADF personnel might be improved if Defence policies on spousal recognition were to be reviewed.

Recommendation 21

The Committee recommends that the Department of Defence investigate its spouse recognition policies to ensure they are equitable and aligned with other Government departments.

Housing and accommodation assistance

Background

5.18 According to the Department of Defence, housing assistance is provided to ADF personnel in the form of either home purchase assistance or accommodation assistance.[21] Home purchase assistance is delivered in the form of a subsidised home loan under one of the Defence Service Home Loans Schemes and also in the form of Home Purchase Assistance Scheme (HPAS) cash grant. Accommodation assistance is provided via either Defence-owned housing or a payment to rent a house.[22] The Committee was able to view the different standards of accommodation available to ADF personnel and gather individual comments during its tour of Defence establishments.

Housing and accommodation assistance issues

5.19 The main comments received by the Committee regarding housing and accommodation were those in relation to the standard of housing assistance and the flexibility of arrangements for accommodation assistance. Firstly, in terms of housing assistance, some respondents argued that the new HPAS allowance was a flat rate and did not provide the same financial assistance as the previous Home Purchase or Sale Expense Allowance (HPSEA),which reimbursed members for all costs. This appeared especially the case for those members purchasing a house in an expensive real estate region such as Sydney. As one witness explained:

> ..I got paid $6400 towards my house but I had close to $17000 worth of fees and charges in buying a house in Sydney. The fact that I bought a house in

20 Department of Foreign Affairs and Trade, Certified Agreement 2000–2003, paragraph 2.10

21 Mr Adrian Wellspring, Acting Director–General, Personnel Policy and Conditions Branch, *Statement to Committee*, 21 September 2001, p. C–8

22 Mr Adrian Wellspring, Acting Director–General, Personnel Policy and Conditions Branch, *Statement to Committee*, 21 September 2001, p. C–10

> Sydney shows what I was saying about not being on bad money, but that allowance would have been fully re-imbursable under the old HPSEA scheme 12 months ago. So I am net $10000 negative under the current scheme.[23]

5.20 Other personnel explained that changes to policy on occupying own home or DHA housing in their posted locality reduced the incentive for them to purchase their own home. The new policy directs personnel to make release-clause arrangements when leasing out their own home so that they can occupy that home if it meets their family requirements (and not a DHA home) when they return to that posting locality. The difficulties with this policy were explained by one witness in Puckapunyal:

> In the past, if you had a posting order and you had your own home and you had a tenant signed up in your own home, you could still get a married quarter. This new release now says that you should not be signing up people for 12 months because you might get a posting order. We all know that, but if we have received a posting order for two years, we would like to think that we can sign up our tenants for at least 12 months. It says here that you should try and get a three-month release clause in. We have a house in Canberra, and Canberra was one place where you could always get a release clause in. You cannot anymore; it is not industry practice.[24]

5.21 Secondly, in terms of accommodation assistance, the Committee heard of inconsistencies in the standard of accommodation provided around Australia for single and married service personnel. Married ADF personnel in Darwin and Inner Sydney criticised DHA for not developing plans to provide married quarters closer to their place of work:

> I think that DHA serves the purpose of DHA, rather than the service community. I would expect to be provided with a reasonable standard of accommodation within a reasonable distance of where I work. DHA seems to be running along the lines of some giant real estate corporation selling up expensive stuff in the inner city close to work and then buying up further and further out, so that eventually we will get to East Perth and that will be it.[25]

5.22 Single personnel at HMAS Cerberus and RAAF Base Tindal indicated that the standard of on–base accommodation had deteriorated to unacceptable standards. One witness spoke of defects and maintenance with fire doors that 'were outstanding for some 12 months' and situation where 'we also had trainees sleeping on broken bed

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23 Witness25, *Committee Hansard*, 1 August 2001, p. 439

24 Witness32,*Committee Hansard,*27 July 2001, p. 403

25 Witness 13, *Committee Hansard*, 1 August 2001, p. 428

bases on the floor.[26] The Committee is aware of departmental efforts to progressively improve accommodation for single personnel at Defence bases.[27]

5.23 The Committee also received complaints about the standard of customer service provided by DHA for housing allocation and removals. Some personnel felt that the allocation of these services to a commercial provider had created efficiency but reduced effectiveness. One witness in Sydney explained:

> I dealt with DHA—in fact, I never dealt face–to–face with anyone; I dealt with them over the phone—and I was told pretty much the same sort of thing; 'We've got a house for you. If you don't like it—bad luck buddy!' I also had to deal with the removals organisation that had been privatised to a large extent. There are three to four people in the administration chain, all of whom appear to be making money, and I had to threaten legal action in the end to get them to listen to my case when they had destroyed a lot of my furniture in storage.[28]

Department of Defence housing and accommodation assistance activities

5.24 The Committee received evidence from the Defence Housing Authority (DHA) on 27 August 2001 and the Acting Director–General Personnel Policy and Conditions Branch on 21 September 2001. The DHA became operational on 1 January 1988 and manages approximately 19,500 houses.[29] The organisation has recently assumed additional responsibilities for tenancy management (1 July 2000) and removals management (1 July 2001).[30] Meanwhile, Personnel Policy and Conditions Branch has continued to monitor and assist the development of allowances and benefits associated with housing and accommodation assistance.

5.25 In response to criticisms regarding the standard of housing assistance and in particular the arrangements for HPAS, the Personnel Policy and Conditions Branch advised the Committee that ADF members were also eligible for the Federal Government grant of $7000–$14000 under the First Home Owner Grant Scheme (FHOGS). According to Policy and Conditions Branch, the HPAS and FHOGS together 'provide very valuable assistance to ADF members to buy and live in their own homes'.[31] The Committee disagrees with this assessment because the FHOGS will cease at a time of Government choosing and neither benefit compensates the

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26 Witness 1, *Committee Hansard,* 26 July 2001, p. 333

27 Defence Estate Organisation, *Strategic Plan for Defence Estate,* September 1999 (improvements have been made in Townsville and are programmed as part of base redevelopments)

28 Witness 12, *Committee Hansard*, 1 August 2001, p. 427

29 Mr Keith Lyon, Managing Director, Defence Housing Authority, *Committee Hansard*, 24 August 2001, p. 651

30 Mr Keith Lyon, Managing Director, Defence Housing Authority, *Committee Hansard*, 24 August 2001, p. 652

31 Mr Adrian Wellspring, Acting Director–General, Personnel Policy and Conditions Branch, *Statement to Committee*, 21 September 2001, p. C–10

member for higher costs in expensive real estate areas of Australia. Accordingly, the Committee feels that HPAS should be reviewed to ensure it provides equitable benefit in all real estate regions of Australia.

5.26 The Policy and Conditions Branch provided no evidence to respond to criticisms regarding the policy for ADF members to arrange short leases and occupy their own home if posted to the locality of that home. This policy requires further investigation by the Department of Defence to ensure ADF members are not disadvantaged.

5.27 The Committee heard that the DHA has a corporate plan to invest $570 million over the next three years to improve the standard of housing in Darwin, Sydney, Newcastle, Puckapunyal and Katherine, and to address issues such as security, air conditioning and outdoor living areas.[32] This action is commended by the Committee because it follows the general improvement in the standard of DHA housing that has occurred in the past five years and should go some way to addressing the concerns of some ADF personnel regarding Housing in remote localities. However, more needs to be done to address the current policy of selling old housing stock in established communities near military bases and forcing defence personnel to occupy housing considerable distances from their base.

5.28 The Committee also heard that the DHA has launched several initiatives to improve customer service satisfaction. These include participation in Defence exit surveys, the establishment of a web–based house database and selection system, establishment of focus groups with spouses to design DHA housing, and the employment of spouses in customer service areas.[33] While these initiatives are likely to improve the service provided by DHA, the Committee believes that a group independent of the Department of Defence should conduct any survey of customer satisfaction levels.

Conclusion

5.29 The Committee noted several concerns among ADF personnel regarding housing and accommodation assistance. These concerns are, in the view of the Committee, contributing to retention problems within the ADF. Whilst DHA and the Department have attempted to monitor and improve standards, the primary issue is achieving a consistency in the level of assistance and customer service provided. To that end, the Department of Defence should review key areas of assistance and allow an independent assessment to be made of customer satisfaction.

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32 Mr Keith Lyon, Managing Director, Defence Housing Authority, *Committee Hansard*, 24 August 2001, p. 653

33 Mr Keith Lyon, Managing Director, Defence Housing Authority, *Committee Hansard*, 24 August 2001, pp. 654–652

Recommendation 22

The Committee recommends that the Department of Defence review HPAS to ensure it provides equitable housing assistance to ADF members in all real estate regions of Australia.

Recommendation 23

The Committee recommends that the Department of Defence review the policy regarding own-home lease arrangements for ADF personnel to ensure they are not disadvantaged.

Recommendation 24

The Committee recommends that Defence Housing Authority review its policy of selling old housing stock in established communities near bases and forcing Defence personnel to occupy housing considerable distance from their base.

Recommendation 25

The Committee recommends that the Government conduct an independent survey to assess the level of customer satisfaction with the accommodation assistance provided by DHA and recommend improvements.

Family support

Background

5.30 The Department of Defence has established a network of family support for ADF personnel. At the strategic level, the National Consultative Group of Service Families (NCGSF) provides advice to the Chief of the Defence Force and Head of DPE on family support issues. This is reinforced by the Defence Community Organisation (DCO), which provides welfare support, advice and assistance to ADF members and families in each region. The family support programs established within individual units underlay both of these networks.

5.31 The expectation that a member's dependants will receive a high standard of support is an important clause in the 'psychological contract' adopted by ADF personnel upon enlistment. In order to assess the current level of support provided to ADF personnel, the Committee:

- visited regional Defence Community Organisations (DCO) in Katherine, Darwin, and Perth;
- collected evidence from representatives from the National Consultative Group of Service Families (NCGSF); and
- conducted discussions with Service spouses in Katherine, Puckapunyal, Wagga Wagga and Townsville.

5.32 Family support issues received critical attention in the Hamilton and Cross Reports of the 1980s. Both these reports made important recommendations to enable the improvement of family support services. The Committee was very disappointed to discover that many of the issues raised in the Hamilton and Cross Reports were still alive or had only been partly addressed. Indeed, the Committee received considerable evidence to suggest that the co-ordination and level of family support provided in areas of spouse employment and child education was unacceptable and contributing to recruitment and retention problems.

Co-ordination and communication

5.33 A plethora of strategic communication methods have been established to convey family support information to Defence families. These range from local newsletters and information booklets to Family Information Network for Defence (FIND) phone lines and Internet web sites. There are two issues associated with the co-ordination and communication of information. The first issue is ensuring that the spouse of a new recruit understands clearly the lifestyle they are about to inherit. It was noted that some recruiting units conduct 'married enlistment interviews' with spouses and social workers.[34] Similarly, the Committee was informed of a 'spouse induction program' being established in Victoria Barracks, Brisbane.[35] In the view of the Committee, these initiatives must become standardised to assist recruitment and retention of ADF personnel and avoid the situation explained by one witness:

> One point that stands out large for me is that I had a wife in to see me last week. She said to me, 'If I knew at the beginning what I know now, I would not have encouraged my husband to join.'[36]

5.34 The second issue is delivering consistent standards of support and information. The Committee noted that Defence families receive a varied level of support depending upon their sponsor unit, location and access to information. Spouses in Townsville indicated that the level of support provided to families varied markedly between sponsor units.[37] Also, newsletters were being delivered to families in married quarters, but not to families residing in their own home. Clearly, the Department of Defence must investigate and adjust the co-ordination and communication of support to Defence families to ensure a common standard.

Spouse employment

5.35 Evidence received by the Committee suggests that spouse employment and child education are the main areas of dissatisfaction associated with the requirement for ADF personnel to regularly move. Frequent postings mean that a spouse is

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34 Witness 31, *Committee Hansard*, 24 August 2001, p. 634

35 Witness 27, *Committee Hansard,* 17 August 2001, p. 582

36 Witness 20, *Committee Hansard,* 24 August 2001, p. 625

37 Witness 29,*Committee Hansard*, 17 August 2001, p. 576

continually changing employment and family finances are adversely affected. One witness explained:

> But for some people who have another wage coming in or whose wife is working, when they get posted they could be losing 50% of their income for X amount of time. If they go into a position in an area where there is a lot of unemployment, they could halve their wage for the time of that posting. When is comes to someone saying 'You are being posted,' and your wife is on $60,000, then the button gets pushed. That has to be looked at, because you are losing a person who really does not want to get out of the Defence Force but, financially, they can go out and get the same money.[38]

5.36 The Committee wants to make it quite clear that, from the evidence given the Committee throughout the inquiry, spouse employment is **fundamental** to retention. In Australian society today, as in many or most other Western societies, dual income is essential for most couples or families, to enable them to have a reasonable life. The same applies to ADF members and their spouses. If spouses cannot work, their standard of living declines appreciably.

5.37 Many discharges are the result of spouses unhappy with a range of disadvantages stemming from Service life. With the move to northern Australia and large bases outside urban areas, spouse employment becomes more difficult, especially spouses with professional or other specialised occupations.

5.38 To its credit, the Department of Defence has provided several initiatives to address the problem of spouse employment. These include computer support for resume preparation, Internet access to employment agencies and access to job network providers (paid for by Defence) for training and case management into employment.[39] The Committee notes that DCO, DHQ, Toll Transitions and NCGSF are currently discussing other spouse employment assistance measures[40]. However, this issue could also be addressed in terms of career management and allowing longer-term postings where spouse employment has been established.

5.39 There is no easy solution to the problem of spouse employment. Ultimately, the strength of feeling amongst ADF personnel regarding spouse employment support suggests that it needs priority attention from the Department of Defence, especially in the career management area.

Child education

5.40 Many previous reports on the provision of support to ADF families have highlighted the difficulties created by the **absence of a national education standard**.

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38 Witness 24, *Committee Hansard*, 23 July 2001, p. 246

39 Mr Lindsay Kranz, Director General, Defence Community Organisation, *Statement to Committee*, 21 September 2001, p. 4

40 Mr Lindsay Kranz, Director General Defence Community Organisation, *Statement to Committee*, 21 September 2001, p. 4

The problems have been accentuated by the posting turbulence that currently prevails in certain parts of Defence because of staff shortages. Unfortunately, these problems continue to affect ADF personnel and their families. The Committee heard evidence that Defence families moving on posting encountered difficulties with **school entry ages, grading systems and handwriting standards**. One frustrated witness elaborated:

> We were due to get posted this year up to Oakey in Queensland. We were happy to go until I rang up Toowoomba and spoke to guidance officers and everybody in the area. We were informed that, because my children started school here at age four, they would automatically have to repeat. It was purely an age based thing. I spoke to all sorts of people about it. When we went back to DOCM and told them we were not happy to go to Oakey on that basis, I was told that I was whingeing, it was a flimsy excuse, it is a condition of service that we move around and it was bad luck; my children just had to put up with that.[41]

5.41 The Committee notes that the Department of Defence has a network of child education support initiatives to deal with the problems created by regional education systems. The Education Assistance Scheme (EAS) and DCOs Families with Special Needs Program each provide a form of financial support for families for child tutoring, boarding and special support.[42] Similarly, the system of Regional Education Liaison Officers does provide suitable advice and support for families.

5.42 Career managers and posters should also take some account of the problems of children's education. They should be aware of what difficult sequences of postings on educational grounds and try to avoid such sequences for members with children who might be affected by the differences among the State and Territory education systems. That is not to say that education should be an overriding factor. It would, however, make some postings more palatable and avoid some discharges. Whenever a member discharges for family reasons as a result of a posting that the member had sought hard to avert, someone else has to be found anyway.

5.43 However, these measures avoid the strategic problem of a national education system, which must be addressed by Federal, State and Territory Governments. This is an issue that has been on the national education agenda for a long time. It covers mainly starting ages, handwriting styles and curricula. Differences among the States and Territories cause immense difficulty and frustration for Defence personnel and all other people who move from State to State with their employment or for other reasons. It is time that Commonwealth and State and Territory Education Ministers get national consensus for at least **starting ages and handwriting styles**.

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41 Witness 36, *Committee Hansard*, 27 July 2001, p. 405

42 Mr Lindsay Kranz, Director General, Defence Community Organisation, *Statement to Committee*, 21 September 2001, p. 3

Conclusion

5.44 The ADF is experiencing difficulty recruiting and retaining personnel because of family support issues. These issues centre on coordinating and communicating a consistent level of support to Defence families before, during and after postings. The provision of assistance in spouse employment and child education are specific areas of concern during posting. While the Department of Defence has introduced several initiatives to address these issues, a wider solution is required.

Recommendation 26

The Committee recommends that the Department of Defence review its strategic communication plan for conveying family support information to Defence families to ensure a consistent message and availability of information.

Recommendation 27

The Committee recommends that the Department of Defence adopt a mandatory pre-enlistment spouse induction program as part of the ADF recruiting process.

Recommendation 28

The Committee recommends that the Department of Defence ensure that all current and available resources are being used in the matter of spouse employment assistance and, as a matter of priority, investigate and implement additional lateral measures to provide spouse employment assistance.

Recommendation 29

The Committee urges Commonwealth, State and Territory Education Ministers to reach consensus on the introduction of national standard school starting ages, standard grades and standard handwriting requirements.

Superannuation

Background

5.45 Current serving ADF personnel are supported by one of two Superannuation Schemes. These are the Defence Force Retirement and Death Benefits (DFRDB) scheme and the Military Superannuation and Benefits Scheme (MSBS). The DFRDB scheme was closed to new members in 1991. The MSBS is subject to the new Superannuation Industry Supervision (SIS) Regulations. The most common comment from ADF members in public hearings and submissions was that the DFRDB scheme contributed more to recruitment and retention of personnel than the newer MSBS.

Superannuation issues

5.46 Under the DFRDB, many personnel elected discharge after 20 years continuous service because they could access their retirement benefits at that point. This created vacancies for promotion and a natural balance between experienced and

fresh ADF personnel. Under MSBS, fewer personnel are electing discharge after 20 years service because they cannot access their retirement benefits. Instead, personnel are either leaving the ADF shortly after their initial engagement or serving on to the mandatory retirement age of 55. The Committee heard that the MSBS is creating a log-jam for promotion in some ranks and trades.[43] However, the development of new ADF terms of employment and a graduated system of retention benefits would solve this problem, as discussed in Chapter 4.

5.47 The main complaint regarding Superannuation was related to the question of access to MSBS benefits between the mandatory retiring age of 55 and preservation age of 60. This was summarised by one witness as follows:

> There is no incentive for people to stay in beyond the minimum term. Look at the superannuation: they can only stay in until they are 55 but under new legislation people born after 1960, I think it is, cannot get their superannuation until they are 60.[44]

5.48 The Committee found that this complaint was partly founded on a lack of understanding of the MSBS amongst ADF personnel. The increase in preservation age does apply to a person born after 1960 but the Government has given a concession to ADF personnel to the effect that they may access employer benefits as a non–commutable lifetime pension at their mandatory retirement age. Therefore, MSBS benefits at aged 55 are:

- **A lump sum member benefit** of member contributions and interest earned up to 30 June 1999 (member benefit contributions and interest earned after 1 July 1999 are payable when a member reaches their preservation age).
- **A preserved employer benefit** that may be taken as a lump sum or converted in part or full to an indexed pension (unless the member has a preservation age greater than 55 whereupon this benefit may only be taken as a non–commutable pension).[45]

5.49 The Committee believes that, despite some Government concessions on access to MSBS benefits at the mandatory retirement age, more could be done to recognise the unique nature of military service. This might include the removal of all preservation age restrictions and allowance for lump sums to be paid at the compulsory ADF retirement age of 55. In the Commonwealth Public Service and in private enterprise, there is no mandatory retirement age of 55. If people have a preservation age of between 55 and 60, they can continue in their jobs until the preservation age is reached. As ADF personnel have a mandatory 55 retirement age,

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43 Witness 1, *Committee Hansard,* 25 July 2001, p. 323

44 Witness Q, *Committee Hansard,* 18 July 2001, p. 65

45 Mr Adrian Wellspring, Acting Director–General, Personnel Policy and Conditions Branch, *Statement to Committee*, 21 September 2001, p. C–8

they are being discriminated against because they are not allowed to access all their superannuation benefits at their mandatory retirement age.

5.50 A final Superannuation issue raised by ADF personnel relates to the rules regarding continuous service. The Committee was informed of a case where a female Air Force member lost recognition of her previous service for the MSBS retention benefit after taking maternity leave.[46] Under the rules of MSBS, if a member takes leave without pay for a period of greater than 21 days (like maternity leave) the cessation of MBSB contribution will effectively negate any previous service.[47] The Committee agreed that this rule should be amended because it was discriminatory against female members and not in the spirit of recognising the unique nature of military service.

Conclusion

5.51 The Committee received overwhelming evidence of dissatisfaction with the existing Superannuation arrangements for ADF personnel. While some of this dissatisfaction is due to poor communication, there is enough evidence to support further amendments to the rules associated with the payment of benefits under the MSBS.

Recommendation 30

The Committee recommends that the Government apply a concession to the Superannuation rules of MSBS to allow ADF personnel to access member and employer benefits as either lump sums or indexed pensions at the mandatory retiring age.

Recommendation 31

The Committee recommends that the Department of Defence amend the rules governing continuous service and eligibility for the MSBS Retention Benefit in the case of Maternity Leave.

46 Witness 3, *Committee Hansard,* 24 August 2001, p. 618

47 Air Commodore Jim Cole, Director–General, Personnel–Air Force, *Statement to Committee,* 21 September 2001, p. B–2

CHAPTER 6

RESERVES

Introduction

6.1 For many years, the ADF has pursued a 'One Army' Concept. This concept was originally proposed by Dr T. B. Millar in a Report on the Citizens Military Forces in 1974 and was designed to make full use of the total personnel asset available to the Army.[1] In accordance with this concept, the Army has created integrated Regular and Reserve units and standardised training. The release of the Defence White Paper *'Defence 2000—Our Future Defence Force'* has confirmed the 'One Army' concept by emphasising a strategic role for Reserves to support and sustain the ADF.[2] However, the Committee noted that there are a number of recruitment and retention issues associated with the development of this strategic role for Reserves.

6.2 The Committee received many submissions from Army Reserve personnel. This prompted the Committee to conduct public hearings with individual Reservists in Perth, Sydney and Canberra, and conduct discussion groups with Reservists at 13 Brigade in Perth and Norforce in Darwin. There was also a sprinkling of Reservists among the discussion groups held on bases. Navy and Air Force Reserve personnel raised no significant issues. In this chapter, the Committee will, therefore, focus on recruiting, training, and management of the Army Reserve.

Background—roles and tasks of Reserves

6.3 Any discussion of the Army Reserve must be prefixed by an understanding of Project Army 2003. This project is reviewing roles, tasks, force structure and preparedness, mobilisation and expansion requirements and combat force development planning for the Army. Ultimately, Project Army 2003 will deliver a 'sustainable and deployable combat force that draws on both Regular and Reserve components to meet and achieve operational requirements'.[3]More importantly, Army expects that this project will 'result in clear and decisive roles and tasks for the Army Reserve'.[4]

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1 Department of Defence: *Report of the Committee of Inquiry into the Citizens Military Forces,* Australian Government Publishing Service, Canberra, March 1974, Chapter 4

2 Australian Government, *Defence 2000-Our Future Defence Force,* December 2000, p. 69

3 Lieutenant Colonel Garry Heald, Director, Reserves Army, *Statement to Committee,* 21 September 2001, p. 2

4 Lieutenant Colonel Garry Heald, Director, Reserves Army, *Committee Hansard,* 21 September 2001, p, 765

6.4 Following Project Army 2003, it is likely that the Army Reserve will have three broad functions: reinforcement, round out and rotation.[5] This means that Reserve formations and units are likely to be required to undertake generic tasks. It follows that recruitment and retention strategies for the Reserve must be able to support these tasks. The likely generic tasks are:

- Hold personnel or force elements at very high levels of readiness to meet Defence Aid to the Civil Community tasks;
- Hold personnel or force elements at high levels of readiness to provide round out to RDF and Enabling component Regular units;
- Hold personnel at high levels of readiness to provide reinforcement to Ready Deployment Force (RDF) units;
- Hold sub-units and units at longer readiness levels to provide forces to rotate with force elements of the RDF; and
- Develop and maintain mobilisation plans to meed Defence of Australia scenario and tasks.[6]

Reserve recruiting

6.5 Table 5.1 depicts Army Reserve recruiting targets and enlistments over the last four years. The Committee notes that the ADF has not achieved its Army Reserve recruiting targets since 1997/98. The recruiting results for the Navy and Air Force Reserve over the same period have also been poor.[7] There is evidence to suggest that this has been caused by the centralisation of Reserve and Regular recruiting functions with DFRO.

Table 5.1 Army Reserve recruiting achievement[8]

Year	Target	Enlistment	Percentage achieved
1997/98	4655	4671	100.3%
1998/99	4235	2162	51%
1999/2000	4785	1566	32.7%
2000/2001[9]	4778	2097	45.5%

5 Lieutenant Colonel Garry Heald, Director of Reserves Army, *Statement to Committee,* 21 September 2001, pp. 2–3

6 Lieutenant Colonel Garry Heald, Director of Reserves Army, *Statement to Committee,* 21 September 2001, pp. 3–4

7 Department of Defence, submission no. 101, p. C–7

8 Department of Defence, submission no. 101, p. C–7

6.6 Numerous submissions and hearings criticised the centralisation of the Reserve recruiting function with the DFRO. These criticisms focused on the ability of the DFRO to correctly market and attract recruits to individual Reserve formations and units. One witness argued:

> I joined in 1988 and, back in those times, you were able to go to a unit that you would like to join, see how it all ran and then you were able to join that unit. From what I have seen over the years, now you have to go through recruiting and, basically, they try to slot you in where they can.[10]

6.7 Recently, the ADF adjusted its recruiting functions to allow Army Reserve units to attract and prepare prospective recruits for the enlistment stages of the recruitment process. According to the Director of Reserves Army, this adjustment has proven to be a very positive initiative.[11] In addition, Headquarters DFRO has installed additional Reserve staff on full-time service to develop strategies and support Reserve unit recruiting. Overall, DFRO believe the emphasis on 'direct to unit' recruiting has contributed to a 30 per cent improvement in Reserve recruiting.[12] However, from its visits to Headquarters DFRO, Reserve units and the DSC, the Committee notes that more resources need to be allocated in support of this initiative. One small example is the fact that DSC Cooma staff require more information on Reserve unit locations in order to direct enquires.

Transition between Reserve and Regular Service

6.8 In Chapter 3, we discussed issues related to re-enlistment and Service transfer as part of the recruiting process. The Committee was interested to observe that many Reservists transfer to Regular forces. This led the Committee to investigate what schemes were available to encourage Regular personnel to transfer to Reserve forces at the end of their full-time engagement. A scheme of flexible transition between Regular and Reserve service was recommended as an Alternate Personnel Model in the 2000 Joint Standing Committee on Foreign Affairs, Defence and Trade Report on the Army.[13]

6.9 A Reserve service obligation at the conclusion of full-time service was considered by the Committee. Such a service obligation would enable high levels of experience to be retained in the ADF. This obligation could be linked to a financial or educational incentive and would cater for changing individual needs. As an example, a

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9 Colonel Mark Bornholt, Director Defence Force Recruiting, *Statement to Committee,* 21 September 2001, p. A–2

10 Witness 1, *Committee Hansard,* 19 July 2001, p. 134

11 Lieutenant Colonel Garry Heald, Director of Reserves Army, *Statement to Committee,* 21 September 2001, pp. 2–3

12 Colonel Mark Bornholt, Director, Defence Force Recruiting, *Committee Hansard,* 21 September 2001, p. 766

13 Joint Standing Committee on Foreign Affairs Defence and Trade Report, *From Phantom to Force-Towards a More Efficient and Effective Army,* August 2000, p 148

soldier serves a three-year full time service engagement followed by a mandatory one year in the Army Reserve and receives assistance in university study fees.

6.10 The Committee, however, rather than support the introduction of a mandatory transfer from the Permanent Force to the Reserves would prefer to see an incentive-based voluntary transfer. There are many potential obstacles for a mandatory system. Disgruntled soldiers discharging from the Permanent Force may upset the harmony of a Reserve unit. The Reserve unit might be better off without them. If discharge is caused by family problems, those problems might continue during Reserve service. The location of the nearest Reserve unit might make attendance difficult or expensive. As the person discharged would have to find a new job, a new employer may not take a sympathetic view to the requirements of Reserve service, in spite of statutory obligations.

6.11 If a range of incentives was made available from which a discharging member of the Permanent Force could choose, it is likely that many would take the option of one or two years in the Reserves (and maybe stay much longer).

6.12 Given the shortage of personnel in the Army Reserve, the Committee believes that the Department of Defence should investigate providing discharging members of the Permanent Force with incentives to spend one or two years in the Reserves.

Recommendation 32

The Committee recommends that the Department of Defence retain and develop the capacity for 'direct to unit' Army Reserve recruiting.

Recommendation 33

The Committee recommends that the Department of Defence investigate and introduce an incentive program to encourage Reserve service following full-time service.

Retention of Reserves

Background

6.13 The Department of Defence provided evidence that, as at 15 May 2001, the Reserve wastage rate was the lowest it had been for many years (15 per cent). However, the Committee is of the view that this wastage rate is unacceptable given the fact that the overall strength of the Reserve is low and Reserve recruiting targets are not being achieved. The Committee noted that Common Induction Training (CIT) and poor levels of manning and equipment in units had combined to cause retention problems in the Reserve.

Competency Based Training

6.14 In the past, Reserve training was restricted to two-week modules and did not teach the same competencies as Regular courses. From 1998, the Army introduced

CIT as part of a total approach to competency-based training and assessment.[14] In this approach, Army trains Reserve and Regular soldiers in the same competencies so as to ensure all members are appropriately trained to perform the tasks required of them. The problem that has arisen out of this approach is that many Reservists are not able to attend the longer CIT courses. This had caused a negative impact on Reserve recruitment and retention.

6.15 The Committee received considerable comment regarding CIT. Essentially, these comments referred to the difficulty Reservist encountered gaining access to and attending CIT. This was the case not just for recruit training but for all trade training, particularly medical assistants. One witness observed:

> ..it is harder and harder for reservists to go anywhere in the military, because it is hard to get on courses these days. A lot of the courses these days are ARA orientated. They will sometimes put you-if you are lucky and there is an operational requirement-on the reserve list, which means you might get told a week before a seven week course that you are on the course. You have then got to go to your employer cap in hand saying, 'I want seven weeks off.' It is not going to happen.[15]

6.16 The Government and the Department of Defence have introduced measures to assist Reservist undergoing CIT. Earlier this year the Government introduced legislation to protect reservists and employers for Army Reserve training and mobilisation.[16] Meanwhile, the Department of Defence has permitted modular delivery of CIT for Reservists.[17] However, the Committee received evidence that these measures were not entirely effective:

> The modulisation (sic) of, say, Kapooka, is fine in theory, but the problem is: how many employers do you know will give six weeks off in a year? By the time these guys have completed their module training it could be three years down the line.[18]

6.17 The Committee took evidence from Lieutenant Colonel Stephen Larkins, Commanding Officer of 9th Combat Service Support Battalion, Adelaide, who advocated more flexibility in Reserve training:

> One of the themes in my paper is the fact that we have to be flexible and we have to be prepared to offer a variety of options. The notion that there is a one size fits all solution does not recognise the difference between full-time

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14 Lieutenant Colonel Garry Heald, Directo, Reserves Army, *Statement to Committee,* 21 September 2001, p. 5

15 Witness 4, *Committee Hansard*, 25 July 2001

16 Australian Government, *Defence 2000—Our Future Defence Force,* December 2000, p. 70

17 Lieutenant Colonel Garry Heald, Director, Reserves Army, *Statement to Committee,* 21 September 2001, p. 6

18 Witness 2, *Committee Hansard,* 19 July 2001, p. 137

> and part-time service. Most part-time personnel have significant vocational or study commitments. Some have the flexibility to be able to attend a program such as the common induction training program but, by and large, it has been a significant disincentive. You have only to look at the enlistment numbers since the program was introduced to see that there is a direct correlation.
>
> We need to be looking at a range of options. The ideal that everyone graduates after six weeks training at the same standard is certainly commendable but it is not realistically achievable. There is plenty of evidence to show that, certainly over the last six to eight years, large numbers of reservists have deployed on commitments of all kinds and by far the majority of them were inducted and trained under the old system, whereby they came in and did two weeks recruit training and then picked up a lot of on-the-job training in their units. That is the major difference between the reserve and the Regular Army. Reserve units have an ongoing training function, whereas regular units are set up. They receive soldiers from the training institutions fully trained and ready to be employed in their trade area, whereas in the reserve we take people basically straight out of recruit training and then they are imbued with those skills and qualifications over an extended period of time, recognising the fact that they are part-time personnel.[19]

6.18 The Committee received evidence in Perth that, even when the Reserve Brigade at Karrakatta was able to recruit Reservists, who had the time to attend CIT at Kapooka, quotas were applied to Kapooka courses, which only added to the frustration of the unit. As one witness told the Committee:

> An issue that has come up in the unit since we have been doing a big recruiting drive is the number of people that we can send to Kapooka every week. We can send five people per month to Kapooka from WA. I seriously do not understand it - we recruit like crazy …
>
> Five per month that we can send away to Kapooka. We go out and we bust our butts to get all these people in and we cannot even get them away. We are putting them off. You cannot even get on a recruiting course that is six weeks long. So by the time these poor people get qualified it will be two to three years down the track. What kind of incentive is that for them to come in here? They would be on minimum wages the whole time. I certainly think that that is a hot issue here in WA for the reservists and the regs. It is both ARA and reserves, so it is not just reserves.[20]

6.19 As there are still training facilities in Perth, it would probably be cheaper and more convenient to send a training team to Perth to conduct CIT training there rather than send all Regular and Reserve recruits to Kapooka. The same approach might also be applied in other places where training facilities were still available.

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19 *Committee Hansard*, 6 August 2001, p. 506.

20 *Committee Hansard*, 19 July 2001, p. 143.

6.20 It is clear that there will be long-term recruitment problems for the Reserves while CIT is required for all Reservist recruits, even if it is done on a modular basis. Even recent changes in legislation are not the panacea for Reserve CIT and trade training. It may simply deter employers from employing Reservists. Alternative ways of providing training on a State-based level should be considered.

Manning and equipment for Reserves

6.21 All of the units visited by the Committee commented on shortages of manpower and equipment. Lack of live ammunition and restrictions on access to training areas were also cited as detrimental to Reserve morale.[21] Invariably, these shortages prompted many Reservists to elect discharge. One witness quipped:

> I am from a supply company. We call ourselves the supply section, because that is how many people show up on a regular Tuesday night.[22]

6.22 Many Reservists complained about the lack of understanding of Reserves by Regulars, including by Regulars attached to Reserve units. Others complained that the pay and allowance they received barely covered their expenses in attending Reserve parades, especially if they live a long way from the Reserve unit. One Reservist in Perth drew attention to the problem of slow Comcare payment of medical expenses when a Reservist is injured on Reserve duty.

6.23 Short-term reviews of equipment and manning entitlements for all Reserve units will be conducted as part of Project Army 2003.[23] The Committee looks forward to observing the results of these reviews and the redistribution of manpower and equipment to remove the 'hollowness' of the Army Reserve. However, as the report of Project Army 2003 is yet to be released, more equipment must be made available in the meantime to Reserve units.

Conclusion

6.24 Previous reports have noted that the issue of the Reserve Forces 'represents the most intractable issue within the Army in the last 30 years'.[24] The Committee feels that this situation has not changed. Indeed, recruiting and wastage statistics for the Army Reserve over the last few years suggest that this issue has reached a critical point. Many of the recruitment and retention problems faced by the Army Reserve have been given short-term attention in anticipation of a strategic solution being produced from Project Army 2003. The Committee concluded that more emphasis might be placed on direct-to-unit recruiting and flexible CIT given the likely tasks for

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21 B. Reed, submission Number *34, p 3*

22 Witness 5, *Committee Hansard,*19 July 2001, p 142

23 Lieutenant Colonel Garry Heald, Director of Reserves Army, *Committee Hansard,* 21 September 2001, p 765

24 Joint Standing Committee on Foreign Affairs Defence and Trade Report, *From Phantom to Force-Towards a More Efficient and Effective Army,* August 2000, p 135

Reserve units under Project Army 2003. For example, does a unit that is required to conduct Aid to the Civil Community tasks need to contain soldiers that are trained and equipped for war fighting? The Committee is of the firm view that Project Army 2003 provides the ultimate opportunity for the ADF to finally address 'the most intractable issue'.

Recommendation 34

The Committee recommends that the Department of Defence restructure the manning, equipment and training of the Army Reserve to match the new roles and tasks outlined by Project Army 2003, taking into account the difficulties for recruitment and retention of CIT training.

CHAPTER 7

THE WAY AHEAD

Introduction

7.1 The ADF is now facing some of its greatest challenges since the end of the Second World War. These challenges are both strategic and operational. At the strategic level the ADF is adapting itself to meet those objectives outlined in *Defence 2000 - Our Future Defence Force.* At the operational level, the ADF is responding to the many demands of multinational coalition operations, regional peacekeeping and domestic security. All of these challenges are being negotiated amidst a growing deficit of qualified and experienced personnel.

7.2 The purpose of this inquiry was to assess whether the current recruitment and retention strategies of the ADF are meeting the organisation's requirements. In this final chapter, the Committee will make its final assessment and indicate the way ahead. In making its assessment, the Committee returned to the original terms of reference and tested them using the fundamental themes outlined in Chapter 1. In essence the Committee has judged the ability of the Department of Defence to recognise the reasons people enlist, the uniqueness of military service and the sanctity of the 'psychological contract' in recruitment and retention strategies.

Whether the current recruiting system is meeting and will continue to meet the needs of the ADF

7.3 Although general enlistments are increasing, according to pure statistical data, the current recruiting system is not meeting ADF recruiting targets. It has been assessed that the ADF will not be able to meet a target force of 53,555 by 2010. The first step to restoring the recruiting system must be the implementation of improvements to the recruiting organisation and process already identified by the Defence Force Recruiting Organisation. This step must be supported by the development of a strategic marketing and advertising plan that appeals to the real reasons for enlistment and is focussed particularly on critical trades and wider demographic groups.

The impact of the Defence Reform Program on retention levels and recruiting

7.4 The heart of the recruitment and retention problem lies in the fact that, during the 1990s, Defence initiated a number of efficiency and rationalisation measures in order to enhance the ADF's operational capability. These measures were neither well communicated nor well implemented. They reduced the ADF's strength by 27 per cent and established a workplace environment that undermined the principal values of

service in the ADF. The Department of Defence must now reassess those reform measures that reduced the number of personnel in recruiting, removed respite postings for ADF combat personnel and reduced the quality of base support. In the interests of recruiting and retaining ADF personnel, a new balance must be restored between efficiency and effectiveness.

The impact of changes to ADF conditions of service, pay and allowances on retention and recruitment of personnel

7.5 The Department of Defence has failed to recognise the unique nature of military service and preserve its 'psychological contract' with ADF personnel. Broad adjustments to pay and allowances and bold adjustments to fringe benefits and superannuation benefits are necessary to attract and retain ADF personnel. Such adjustments must be combined with an improved strategic communication plan to convey policy measures and provide support to Defence families. The Government is invited to support these adjustments, particularly in the area of nationalising education standards. These measures are necessary to restore the belief that soldiers, sailors, airmen and airwomen are valued employees of their Government and nation.

The impact of current career management practices on retention of personnel

7.6 Poorly implemented reform measures and increasing shortages of personnel have compounded to create reactive rather than pro-active career management practices in the ADF. Again, these practices have undermined the 'psychological contract' the Department of Defence maintains with its personnel. The ADF's Defence People Plan goes some way to addressing this issue. However, a strategic framework must be established to manage personnel issues. This framework would include placing DPE in the strategic decision making process and establishing a career stream for human resource managers. This framework would also include the development of a new ADF personnel model characterised by fixed terms of engagement, incremental incentives and recognition of service, and formal discharge packages for all ranks and trades. Measures such as these will restore the pro-active nature of career management.

Other issues which arose in the course of the Inquiry –The Reserves

7.7 It appears the ADF is on the verge of addressing one of its most elusive structural issues. By confirming roles and tasks, the outcomes of Project Army 2003 will set the agenda for the most suitable structure, manning, equipment and training for the Army Reserve. This is a key opportunity for the ADF to examine the issues of direct-to-unit recruiting, CIT and 'hollowness' that have shattered Army Reserve recruitment and retention. At the same time, the introduction of a system of incentive-based Army Reserve service following full-time service will go some way to the retention of experienced personnel in the ADF.

Retention is the key

7.8 Chapter 1 determined that an inquiry of this nature must understand the fundamental linkages between recruitment and retention. It may be argued that

retention of current personnel is more important than recruiting new personnel. The pillar of this argument is that 'the better the retention, the fewer the requirements there are for recruiting'.[1] But the more important argument is that initiatives to improve retention have a wider impact than initiatives to improve recruiting. Improving career management and conditions of service will not only retain current personnel, but also attract people to enlist in the ADF. Therefore, the broad thrust of all ADF personnel planning and management strategy must be retention minded.

7.9 The evidence gathered by the Committee during this inquiry was wide ranging. The picture of recruitment and retention gleaned from this evidence **depressed** the Committee. Unfortunately, the cold fact is that many of the conclusions from previous reports (as early as the Hamilton Report) remain valid.

> It is an excuse for doing nothing; it is paralysis by analysis. All of the inquiries come up with essentially the same thrust. The most recent recommendations of the Defence Action Plan for People were little different to the Cross inquiry's recommendations.[2]

7.10 Everything the Committee discovered during the inquiry was already known to Defence. The evidence had been in front of them for quite some time. The conclusions and recommendations of previous reports have either been ignored or poorly implemented. Given recent national and international events, there is no longer time for procrastination. The Rubicon must be crossed now and not put off again as have decisions on crucial recruitment and retention issues for some 15 years, at great cost in personnel terms and expense to the ADF. The Department of Defence must develop and maintain strategies to recruit and retain qualified and experienced people to ensure our national security today and tomorrow.

7.11 **The time for action is now!**

John Hogg
Chair

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1 Brigadier Mark Evans Director-General Personnel Army, *Committee Hansard,* 21 September 2001, p 737

2 Dr Nicholas Jans, *Committee Hansard*,20 September 2001, p 693

APPENDIX 1

SUBMISSIONS AND SUPPLEMENTARY SUBMISSIONS AUTHORISED FOR PUBLICATION BY THE COMMITTEE

Submission no. 1	Mr Anthony Garrard
Submission no. 2	Mr Ray Lewis
Submission no. 3	Petty Officer Benjamin Wastell
Submission no. 4	Mr Mark Drummond
Submissions 4A, 4B	Mr Mark Drummond
Submission no. 5	40 Regional Army Cadet Unit, Noarlunga Training Depot, SA, Captain Kerry Green, Commanding Officer
Submission no. 6	Mr Ian Scott
Submission no. 7	Ms Helen Brookfield
Submission no. 8	Reverend W Pugh
Submission no. 9	Mr Kevin Pattison
Submission no. 10	Mrs Edith Knight
Submission no. 11	Mr M Pollard
Submission no. 12	Petty Officer Andrew Fleming
Submission no. 13	The Swann Group, Mr Peter Arkell, General Manager
Submission no. 14	Mr David Dixon
Submission no. 15	Mr Graham Rankin
Submission no. 16	Mr Brian Mason
Submission no. 17	Lieutenant Derrick Prall (retired)
Submission no. 18	Mr Kevin Davies
Submission no. 19	Mr Robert Russell
Submission no. 20	Mr Lionel Boxer
Submission no. 21	Mr Guy Wieland
Submission no. 22	Vietnam Veterans Motorcycle Club, Mr Zev Ben–Avi, Advocate
Submissions 23, 23A	Mr Chris Thomas
Submission no. 24	Name withheld
Submission no. 25	Lieutenant Terry Morrison

Submission no. 26	Mr Robert Gardiner
Submission no. 27	Mr Robert Johnstone
Submission no. 28	Mr Tom King
Submission no. 29	Petty Officer John Muchmore
Submission no. 30	Warrant Officer Ross McRae
Submission no. 31	Mrs Edith Jenkins
Submission no. 32	Name withheld
Submission no. 33	Mr Domenico Villanti
Submission no. 34	Mr John Liszikam
Submission no. 35	Mr John Luder
Submission no. 36	Mr Jeffrey Davie
Submission no. 37	Columbus Group Defence Systems, Mr Donald Yates, CEO
Submission no. 38	Men's Confraternity Incorporated, Mr M Ward, Convenor
Submission no. 39	Warrant Officer R Callaghan
Submission no. 40	Warrant Officer Bruce Reeding
Submission no. 41	Warrant Officer Kim Smith
Submission no. 42	Mr Julian Knight
Submission no. 43	Injured Service Persons Association National Inc, Mr Ray Brown, President
Submission no. 44	Mr Harry Bryant
Submission no. 45	Name withheld
Submission no. 46	Mr Brett Davis
Submission no. 47	The Returned and Services League of Australia Limited, National Conditions of Service Committee, Mr J Townley, Chairman
Submission no. 48	Mr Roger Jones
Submission no. 49	Chief Petty Officer Benjamin Stock
Submission no. 50	Name withheld
Submission no. 51	Mr Stuart Everett
Submission no. 52	Warrant Officer Michael Nixon
Submission no. 53	Associate Professor Hugh Smith, School of Politics, University College, UNSW, Australian Defence Force Academy
Submission no. 54	Name withheld
Submission no. 55	Mr James Eldridge

Submission no. 56	John Paul College, Ms Antoinette Trembath, Careers Counsellor
Submission no. 57	National Consultative Group of Service Families, Ms Judy Swann, Convenor
Submission no. 58	Mr Jim Eftos
Submission no. 59	Petty Officer Peter Moon
Submission no. 60	Grey Worldwide Pty Ltd, Mr David Dumas, Group Account Director
Submission no. 61	Dr Nick Jans
Submission no. 62	Ms Filomena Nichols
Submission no. 63	Brigadier R I Harrison
Submission no. 64	Name withheld
Submission no. 65	Name withheld
Submission no. 66	Mr Ray Whitehead
Submission no. 67	Mr Paul Koerber
Submission no. 68	Australian Medical Association Limited, Mr Mick Saunders, Senior Policy Adviser
Submission no. 69	Petty Officer Damon Young
Submission no. 70	Petty Officer Aaron Virieux
Submission no. 71	Flight Lieutenant Andrew Fickling
Submission no. 72	Mr D Barton
Submission no. 73	Mr Hans Proebsting
Submission no. 74	Mr Ben Gilmour
Submission no. 75	Chief Petty Officer Greg Dalton
Submission no. 76	Lieutenant Commander Peta Harwood
Submission no. 77	Tasmanian Gay and Lesbian Rights Group, Mr Rodney Croome, Campaign Coordinator
Submission no. 78	Australian Council of Trade Unions, Mr Bill Thompson, Representative
Submission no. 79	Mr Andrew Wheatley
Submission no. 80	Ms Patricia Collie
Submission no. 81	Mr Brian MacKenzie
Submission no. 82	Mr Andrew St John–Brown
Submission no. 83	Air Commodore Mike Rawlinson (retired)

Submission no. 84	Lieutenant Colonel Brian Boon, Commanding Officer, 21 Construction Regiment, Royal Australian Engineers
Submission no. 85	Lieutenant Commander Andrew Boatman
Submission no. 86	Australian Institute of Forensic Psychology, Dr Ken Byrne, Director
Submission no. 87	Commander R E Nelson
Submission no. 88, 88A	Ground Defence Reserve Group, Flight Lieutenant M Mateo, Project Manager
Submission no. 89	Dr Michael Seah
Submission no. 90	Mrs Linda Gullotta
Submission nos. 91—95: Names withheld	
Submission no. 96	Australian Society of Anaesthetists Limited, Dr Michael Hodgson, President
Submission no. 97	Corporal Jason Hanel
Submission no. 98	Senator Brian Greig, Australian Democrat, Western Australia
Submission no. 99	Martin Lissing and Jerry Lissing
Submission no. 100	Name withheld
Submission no. 101	Department of Defence, Brigadier Bob Brown
Submission no. 102	Name withheld
Submission no. 103	Mr Trevor Barker
Submission no. 104	Royal Victoria Regiment Association Limited, Committee of Management, Mr John Leydon, President
Submission no. 105	Mr Jonathan York
Submission no. 106	Mr Ralph Keegan
Submission no. 107	Mr J L Bodey
Submission no. 108	Mr Robert May
Submission no. 109	Colonel Donald Sandow
Submission no. 110	Brigadier Philip Amos (retired)
Submission no. 111	Regular Defence Force Welfare Association Inc, National Office, Commander Harold Adams, National President
Submission no. 112	Defence Reserves Association, Western Australia Branch, Lieutenant Colonel Dick Cook (retired), President
Submission no. 113	Chief Petty Officer J W Richardson
Submission no. 114	Mr Patrick Bell, Bell Surveying Services
Submission no. 115	Mr Keith Wheeler, Chaplain, Australian Army

Submission no. 116 Name withheld
Submission no. 117 Mr John Westcott
Submission no. 118 Mr Stewart Manson
Submission no. 119 Name withheld
Submission no. 120 Warrant Officer Graham Thomas
Submission no. 121 Name withheld
Submission no. 122 Lieutenant Colonel Stephen Larkins
Submission no. 123 Name withheld
Submission no. 124 Lieutenant Jeff Milward
Submission no. 125 Name withheld
Submission no. 126 Name withheld
Submission no. 127 Leading Seaman Michael Floyd
Submission no. 128 Mr Heath Stenton
Submission no. 129 Name withheld
Submission no. 130 Russell Phipps, RAN
Submission nos. 131—136: Names withheld
Submission no. 137 Flight Sargeant Alexander Wood
Submission no. 138 Corporal Mathew Horan
Submission no. 139 Name withheld
Submission no. 140 Lieutenant Cameron Leckie
Submission no. 141, 141A Lieutenant Chris Bashford
Submission no. 142, 142A Name withheld
Submission no. 143 Leading Seaman (Medical) Peter Watts
Submission no. 144 Corporal Scott Higgins
Submission no. 145 Mr Ange Kenos
Submission no. 146 Lieutenant Commander David Lassam
Submission no. 147 Mr Christopher Fowler
Submission no. 148 Petty Officer Dean Bromage
Submission no. 149 Name withheld
Submission no. 150 Name withheld
Submission no. 151 Acting Squadron Sargeant Major G Martin
Submission no. 152 Name withheld
Submission no. 153 Sargeant Peter Johnson

Submission no. 154	Captain Paul Hawker
Submission no. 155	Sargeant Gary Thomas
Submission no. 156	Defence Community Organisation, Ms Annette Collins, Area Manager
Submission no. 157	Name withheld
Submission no. 158	Ms Suzanne Cumming
Submission no. 159	Corporal Michael Notting
Submission no. 160	Warrant Officer Ben Gage
Submission no. 161	Squadron Leader (Chaplain) Garry Hooper
Submission no. 162	Squadron Leader Erin Allan
Submission no. 163	Lieutenant Commander Simon Glastonbury (retired)
Submission no. 164	Human Rights and Equal Opportunity Commission, Ms Alice Tay, President
Submission no. 165	Mr Graham Apthorpe
Submission no. 166	Mr Michael Martin
Submission no. 167	Major Anthony Polich
Submission no. 168	Name withheld
Submission no. 169	Mr Stephen Reid
Submission no. 170	Name withheld

APPENDIX 2

WITNESSES WHO APPEARED BEFORE THE COMMITTEE

Monday, 25 June 2001—Canberra

Australian Defence Organisation

Colonel Mark Bornholt, Director, Defence Force Recruiting

Brigadier Bob Brown, Director General, Personnel Plans

Ms Justine Greig, Director, Strategic Personnel Planning and Research

Commodore Sydney Lemon, Director General, Organisational Effectiveness, Chief Finance Officer Group

Brigadier Brendan Ramsey, Director General, Defence Health

Mr Brendan Sargeant, Director General, Personnel Policy and Employment Conditions

Major General Simon Willis, Head, Personnel Executive

Wednesday, 18 July 2001—Sydney

Evidence taken from 26 Australian Defence Force personnel from *HMAS Watson*

Thursday, 19 July 2001—Perth

Evidence taken from 43 Australian Defence Force personnel from *HMAS Stirling*

Thursday, 19 July 2001—Karrakatta, WA

Evidence taken from 18 Defence Reserves at Irwin Barracks

Friday, 20 July 2001—Perth

National Consultative Group of Service Families

Ms Nicole Burchill, National Delegate, Western Australia

Defence Reserves Association, WA Branch

Dr Richard Cook, President

Mr Stuart Everett (private capacity)

Mr Robert Gardiner (private capacity)

Mrs Enid Jenkins (private capacity)

Monday, 23 July 2001—Darwin

Evidence taken from 33 Australian Defence Force personnel at Robertson Barracks

Tuesday, 24 July 2001—Katherine

Evidence taken from 55 Australian Defence Force personnel from RAAF Tindal

Wednesday, 25 July 2001—Darwin

Evidence taken from 18 Australian Defence Force personnel from *HMAS Coonawarra*

Thursday, 26 July 2001—Melbourne

Evidence taken from 36 Australian Defence Force personnel from *HMAS Cerberus*

Friday, 27 July 2001—Melbourne

Evidence taken from 41 Australian Defence Force personnel from Puckapunyal Military Area

Wednesday, 1 August 2001—Sydney

Evidence taken from 28 Australian Defence Force personnel from *HMAS Kuttabul*

Wednesday, 1 August 2001—Sydney

Lt Col Brian Boon, Commanding Officer, Royal Australian Engineers

Mr Boyd Falconer (private capacity)

Brigadier Kevin O'Brien (private capacity)

Monday, 6 August 2001—Canberra

Australian Medical Association Limited

Ms Catherine Kelly, Senior Policy Adviser

Mr Mick Sanders, Senior Policy Adviser, Workplace Policy

Lt Col Stephen Fewster (private capacity)

Lt Col Stephen Larkins (private capacity)

Thursday, 16 August 2001—Townsville

Evidence taken from 63 Australian Defence Force personnel from RAAF Townsville

Friday, 17 August 2001—Townsville

Evidence taken from 38 Australian Defence Force personnel from 3rd Brigade

Monday, 20 August 2001—Canberra

National Consultative Group of Service Families

Ms Judy Swann, National Convenor

Dr Michael Seah (private capacity)

Friday, 24 August 2001—Wagga Wagga

Evidence taken from 45 Australian Defence Force personnel from Kapooka

Monday, 27 August 2001—Canberra

Department of Defence

Mr Brian Bell, Director, Housing Policy Defence Personnel Executive

Brigadier Robert Brown, Director–General, Personnel Plans

Air Commodore James Cole, Director–General, Personnel–Air Force

Brigadier Mark Evans, Director–General, Personnel–Army

Commodore Louis Rago, Director–General, Navy Personnel and Training

Mr Brendan Sargeant, Deputy Head, Defence Personnel Executive

Rear Admiral Russell Shalders, Defence Personnel Executive

Mr Peter Sharp, Head, Service Delivery

Defence Housing Authority

Mr Robert Eames, General Manager

Mr Keith Lyon, Manager Director

Mr Neil Smith, General Manager

Thursday, 20 September, 2001

Dr Nicholas Jans

Friday, 21 September, 2001

Manpower Defence Recruiting

Mr Malcolm Jackman, Chief Executive Officer

Mr Neil Littlewood, National Manager

Mr Mark Stedfut, National Account Manager

Department of Defence

Colonel Mark Bornholt, Director, Defence Force Recruiting Organisation

Brigadier Robert Brown, Director–General, Personnel Plans

Air Commodore James Cole, Director–General, Personnel–Air Force

Brigadier Mark Evans, Director–General, Personnel–Army

Lieutenant Colonel Garry Heald, Director of Reserves–Army

Mr Lindsay Kranz, Director–General, Defence Community Organisation

Commodore Louis Rago, Director–General, Navy Personnel and Training

Brigadier Paul Retter, Chief of Staff, Training Command–Army

Lieutenant Colonel David Schmidtchen, Project Officer, Action Plan for People Team, Defence

Rear Admiral Russell Shalders, Defence Personnel Executive

Mr Adrian Wellspring, Acting Director–General, Personnel, Policy and Employment.

APPENDIX 3

COMMITTEE VISITS

Wednesday 18 July 2001

9.30am – 11.30am **ADFRU Sydney**

1.00pm – 3.30pm **HMAS Watson**

Thursday 19 July 2001

9.30am – 2.30pm **HMAS Stirling**

3.10pm – 4.10pm **DCO Perth**

6.00pm – 8.00pm **HQ 13 Brigade**

Monday 23 July 2001

8.30am - 11.15pm **1st Brigade**

11.45am – 1.00pm **CRC Darwin**

2.15pm – 3.00pm **DCO Darwin**

3.30pm – 5.00pm **RAAF Darwin**

Tuesday 24 July 2001

10.30am – 3.00pm **RAAF Tindal**

Wednesday 25 July 2001

8.30am – 9.15am **HMAS Coonawarra**

9.30am – 11.30pm **HQ NORCOM/Norforce**

Thursday 26 July 2001

9.00am – 11.30pm **ADFRU Melbourne (Manpower)**

1.00pm - 4.30pm **HMAS Cerberus**

Friday 27 July 2001

9.30am – 2.00pm **Puckapunyal Military Area**

Wednesday 1 August 2001

9.00am – 11.30am **HMAS Kuttabul/Garden Island**

Thursday 16 August 2001

2.30pm – 4.30pm **RAAF Townsville and 5 Avn Regiment**

4.45pm – 5.45pm **CRC Townsville**

Friday 17 August 2001

8.00am –11.50am **3rd Brigade**

Friday 24 August 2001

8.30am – 10.00am **Defence Call Centre**

11.00am – 12.30pm **RAAF Wagga**

1.00pm – 3.00pm **ARTC Kapooka**

Friday 31 August 2001

8.30am – 10.00am **HQ DFRO Tuggeranong**

10.30am – 1.30pm **ADFA**

1.30pm – 3.30pm **RMC Duntroon**

APPENDIX 4

SAMPLE QUOTATIONS FROM HANSARD

The following random quotations from Hansard transcripts reflect the depth of feeling amongst ADF personnel on recruiting and retention issues.

> But as a father I am going to say ' No way' because he no longer has security in the Defence Force, he no longer is able to work for 20 years and then retire on a pension and he is not going to get looked after as well as people did 10 or 15 years ago. If he gets broken in an early part of his career he will be kicked out of the Army.[1]

> The basic issue is that our commitments are too great and every year the Navy shrinks. Every year we have the same commitments; every year we squeeze the people we have got left. We have to tie ships up. They have got to have the courage at the top to say, 'We can't do that. We haven't got the people to do it'.[2]

> There is a lifestyle sacrifice in being a soldier, and not all jobs have a lifestyle sacrifice as great as being a member of the Defence Force. If you keep chipping away at that and putting more on the sacrifice side of the lifestyle, people are going to get unhappy. The perception is that there has been more stacked up on the sacrifice than on the benefits.[3]

> The six week course at Kapooka is too long for a lot of people to go on. A lot of people say, 'We cannot get six to seven weeks off. We just won't join.' I know a lot of people who would join if they could do a two week course.[4]

> CSP has a lot to answer for. A lot of guys cannot even get an ashore draft because there is nowhere for them to go on a base. I think for the chefs, Stirling, Cerberus and Kuttabul are the only places because everywhere else is done by civil chefs.[5]

> I was on *HMAS Collins* and we had a comms mast failure. There was no one on board the submarine because it is a civil contractor job. Collins pulled in alongside the wharf and they paid Raytheon to fix the comms mast. We are not getting the experience to work on this kit to maintain our skills.[6]

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1 Witness 10 *Committee Hansard,* 17 August 2001, p. 550

2 Witness 5 *Committee Hansard,* 25 July 2001, p. 301

3 Witness 4 *Committee Hansard,* 23 July 2001, p. 210

4 Witness 7 *Committee Hansard,* 19 July 2001, p. 550

5 Witness 5 *Committee Hansard,* 19 July 2001, p. 84

6 Witness 9, *Committee Hansard*, 19 July 2001, p. 90

A lot of work is out–sourced. That is how we are losing our jobs, because most of the work we can do. This work that they out–source, that they civvy trade, the guys do not get experience on.[7]

I have cancelled my galley card, my swipe card, and I know that a lot of the recruits coming out are doing it, because the food is below standard.[8]

Then they get to work and they cannot do their job. For example, for artillery, for the financial year we have 433 bombs of all natures allocated to fires. That does not sound too bad, I guess. If you put that in perspective, off the top of my head, we have six activities occurring this financial year, with that amount of ammunition we have approximately 70 bombs per exercise. There is not enough training to get skills where they need to be to fight a war.[9]

As the CO of the base I am very concerned that the overall workforce available for the base is 25-30% below what we say we need. A lot of the services that used to be provided within the forces are now being provided by contractors, and far less flexibly than they were under the old system, such that we are constrained by the contracts which are written for five years.[10]

My school is currently 25 per cent understaffed. It is mostly understaffed at the able seaman and leading seaman levels, and they are the people who do a lot of the grassroots training. That means that a lot of my senior sailors have to do a lot of extra work to do the jobs that would otherwise have been delegated down.[11]

Even thought we are on high readiness notice here as part of the RDF, I have 50, approaching 60 vacancies in the new year, out of 500 in my unit. Whilst we are on high readiness there are some parts here that do not attract reasonable quantity or type of ammunition so that we can do our job. I have soldiers who are carrying weapons which they have not fired and will not fire for some considerable time.[12]

It is a cumulative effect. If you keep chipping away at that and putting more on the sacrifice side of the lifestyle, people are going to get unhappy. The perception is that there has been more stacked up on the sacrifice than on the benefits.[13]

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7 Witness 19, *Committee Hansard,* 17 August 2001, p. 563

8 Witness 9, *Committee Hansard*, 26 July 2001, p. 345

9 Witness 6,*Committee Hansard,* 23 July 2001, p. 216

10 Witness 12, *Committee Hansard,* 26 July 2001, pp. 334–335

11 Witness 15, *Committee Hansard*, 26 July 2001, p. 357

12 Witness 2, *Committee Hansard,* 17 August 2001, p. 542

13 Witness 2, *Committee Hansard,* 23 July 2001, p. 210

It looks as if we are only interested in retaining people until around the six to 10 year mark.[14]

With MSBS you are simply going to exit with your contributions, and you may potentially have to wait another 15 to 25 years before you will get your pension and the rest of your contributions. Under MSBS there is certainly nothing there to attract a person to really want to stay any longer than 10 years.[15]

We have no hook for people to hang on for 20 years because of the change from DFRDB to MSBS. Consequently, junior soldiers, NCOS or junior officers get to the eight, nine or 10 year mark, as I did, and have a look around and, if they have not got a hook to get to 20, they are going to look outside.[16]

The recent reduction in the actual amount has impacted quite significantly on the morale of families. In dollar terms it has gone down from $1,198 to $995, from 95 per cent to 68 per cent. The 68 percent was a deal negotiated between the government or Defence hire with Qantas. The interesting point though is that you find it is not applicable to Defence Force civilians.[17]

The cooks and stewards believed they were being flogged and that the work pressures on them were intense for the remuneration they were gaining.[18]

The deterioration of allowances is also an issue. 3 years ago we won a wage rise of 41/2 per cent to be phase in over three years. That now seems to be totally covered by the reduction in allowances to members of the service.[19]

People going from the 3rd Brigade say from here to Training Command. You are losing your zone allowance. Therefore people are reluctant to ask for these postings.[20]

We are not civies, and we need to stop our fringe benefits and conditions of service being eroded and taxed. It is as simple as that. You would be surprised at how many more people will stay in the Army and join the Army.[21]

My main goal was to become an electronic technician. I was led to believe that I would become a level 3 technician. I did my training at *HMAS*

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14 Witness D, *Committee Hansard,* 18 July 2001, p. 47

15 Witness 28, *Committee Hansard,* 23 July 2001, pp. 253–254

16 Witness 6, *Committee Hansard,* 17 August 2001, p. 546

17 Witness 5, *Committee Hansard,* 23 July 2001, p. 208

18 Witness 26, *Committee Hansard,* 19 July 2001, p. 109

19 Witness 16, *Committee Hansard,* 24 July 2001, p. 273

20 Witness 18, *Committee Hansard,* 17 August 2001, p. 561

21 Witness 3, *Committee Hansard,* 17 August 2001, p. 545

Cerberus and did all my training. It was supposed to be TAFE accredited but I was told later that it was not.[22]

I enlisted as a medic yet there are no qualification courses available. I was told that the two week course was replaced with the 33 week course due to the requirements of duty of care. To do this course I have to quit my job and would receive less pay than my current job. I can understand why they cancelled the two week course but I cannot understand how it has taken over two years for a replacement course to be approved.[23]

If you encourage a guy who has been in for 10 years to go and do a trade or offer some sort of incentive to him to get more qualifications, you are not losing out in the long run. You have ten years of experience and rank in the Army, and that is impossible to replace.[24]

The older guys before the Technical Trade Rationalisation have their original trade. We do not have the paperwork for our subsequent trade. The RAAF would have to start doing licensed aircraft mechanic courses to have our new trade recognised.[25]

Any organisation would have no credibility employing somebody else to do their recruiting for them. They would have none whatsoever with somebody walking in out of the street. If I walked in today and saw a civilian standing there and nobody in uniform, I could not take it seriously. There would be no credibility whatsoever.[26]

The recruitment plans that are put out are solely base on short–term careers in the military.[27]

I was trying to go FT RAAF as an aircraft technician. They contacted me twelve months after my application. It takes too long and that is something to do with the system.[28]

On the issue of retention, it simply comes down to pure frustration with change. The pace of change in Defence over the last few years is so rapid and so apparently poorly administered that we do not know where we are going.[29]

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22 Witness 13, *Committee Hansard,* 19 July 2001, p. 97

23 Witness 4, *Committee Hansard,* 19 July 2001, pp. 139–140

24 Witness 8, *Committee Hansard,* 23 July 2001, p. 223

25 Witness 9, *Committee Hansard,* 24 July 2001, p. 269

26 Witness 14, *Committee Hansard,* 23 July 2001, p. 226

27 Witness 22, *Committee Hansard,* 23 July 2001, p. 236

28 Witness 3, *Committee Hansard,* 19 July 2001, p. 138

29 Witness 35, *Committee Hansard,* 24 July 2001, p 281

You have got to offer them something. We are losing our people at the 10–12 year mark because there is nothing to keep them in.[30]

There is no incentive at the six–year mark for a person to stay on in the Air Force if they want to. It is the same at the 12 year mark: if you re–sign there is no incentive to stay on it you don not look like getting promoted. Why can't we have a retention benefit each time we sign on?[31]

I have a sword of Damocles at my head in that they cannot tell me more than six months in advance where I am going to be, basically. They cannot give you anything specific.[32]

The six–week course at Kapooka is too long for a lot of people to go on. A lot of people say, 'We cannot get six to seven weeks off. We just won't join.' I know a lot of people who would join if they could do a two–week course.[33]

Why the hell can't we stay in our postings for as long as we wish?[34]

I have seen the Army go from one where the senior ranks actually cared about their soldiers to one where they care more about feathering their own nest. He [another member] simply discharged because he could not get his de facto paperwork filled out.[35]

The whole point of having a Defence Force is to have that surge capacity, to be able to go and operate without collapsing back home. At this point here, we are right down, we are understaffed.[36]

30 Witness 1, *Committee Hansard,* 19 July 2001, p. 80

31 Witness 5, *Committee Hansard*, 24 July 2001, pp. 265–266

32 Witness 10, *Committee Hansard,* 26 July 2001, p. 350

33 Witness 7, *Committee Hansard,* 19 July 2001, p. 146

34 Witness 20, *Committee Hansard,* 17 August 2001, p. 564

35 Witness 19, *Committee Hansard,* 17 August 2001, p. 562

36 Witness 48, *Committee Hansard,* 24 July 2001, p. 294

APPENDIX 5

SUBMISSION NO. 157

1. I would like to take this opportunity to make a submission to the committee concerning the retention of personnel in the Royal Australian Navy (RAN). I am a Chief petty Officer Writer (CPOWTR) and I have served in the RAN for just over 21 years. the Writer branch is mainly responsible for pay, all accounts (personal and trader), finance and personnel administration.

2. I believe the problems commenced when the Defence Reform program (DRP) was implemented which included centralisation of services, civilianisation of naval billets and contracting services to civilian companies. I served in the Sydney area when services were centralised and civilianised and am now serving in Victoria where services are also centralised and civilianised. The problems I continually see are mismanagement, a lack of accountability, ignorance and written contract problems. Civilian contractors are not held accountable for breeches of contract, which is extremely dis-heartening as sailors would be held accountable, including being charged under the Defence Force Discipline Act (DFDA). Contracts are not written properly and a number of tasks are not included, hence the sailor has to pick up the slack as well as perform their own duties. From my own experience, civilian personnel who are employed in pay, registry, removals and accounts are not professionally qualified to perform these functions. There have been problems with non-payment of Qantas accounts to the point where they have threatened that no more travel bookings will be accepted until the account is paid. Non-payment of credit card accounts, one case in particular, a Visa account had not been paid for approximately four months. Defence is the ultimate loser as the organisation gains a bad reputation when it comes to paying bills.

3. As a result of centralisation and civilianisation the Supply Branch has been decimated and mismanaged to the point, where the numbers are at critical levels. The downsizing of the Writer's branch was not monitored correctly to ensure that the correct level of numbers were maintained. In 1998 there were almost 500 Writers and we had to reach a target of about 227 by 2003. The Writer's Branch is well under the target set for 2003 and the year is 2001. I have been offered promotion and a posting goes with the job, there are problems trying to replace me, as there are not enough CPOWTRs. The career managers are searching through the Reserve List to try and find a replacement. I also get about five weeks notice to move from Victoria to Sydney; it is fortuitous that I am not married.

4. My current position in a Command billet and the staff are CSIG. The ridiculous situation is that I have no input into the management of the staff, not able to provide professional guidance to staff and not able to provide divisional

management. To add further insult I have been advised that the staff, who are also Writers, will be supervised by a Chief Petty Officer of a completely different specialisation. With all due respect to the Chief, this individual is not professionally qualified to supervise and provide professional guidance and train junior Writers. I ask where is the logic in this decision. Instead I now have personnel who are extremely irate and morale has dropped significantly to the point where one staff member, has submitted his discharge from the RAN. The introduction of Corporate Support, now known as CSIG, has driven a wedge not only between members of the Supply Branch but also the uniformed members of the Navy.

5. To add further fuel to the fire, one position in the office was identified to be civilianised. This was advised in February 2001, to date the billet is still not filled. Meanwhile the office is manned by two people, instead of three, one of which is a trainee Writer. So in reality, one person is doing the work of two plus training and supervising the trainee. The mismanagement and bungling processes that have occurred in order to get the position advertised was totally unprofessional. The Public Service also need to get their act together regarding a number of processing procedures and lack lustre way of doing business.

6. Also as a result of the DRP, the tri-service approach is being introduced and there is also bungling and mismanagement in this process. Navy has always lead the way with how they manage welfare and personnel related matters of its members. With the tri-service approach, Navy has had to step back fifty steps to keep pace with the RAAF and Army. Navy's Personal Services Organisation (PSO) which is now the Defence Community Organisation (DCO) was second to none. Although the Social Workers and Family Liaison Officers are still available through the DCO, the professional expertise of the uniformed members has been lost, due to centralisation of housing, removals and the ability to provide that something extra. Army and RAAF had no such organisation.

7. The introduction of PMKeys, what a joke this system is. Again Navy has the best personnel management system called NPEMS. The current RAAF and Army systems are deficient and again Navy has to step back because the other two services are not up to speed with their personnel management. PMKeys is civilian oriented, has no military relation and is extremely non-user friendly. I did the course in March 2001 and still have not received a login to the system, even after considerable effort to obtain one. If I don't get a login to access PMKeys, I am not able to do my job. By the time PMKeys is actually installed, I will have forgotten how to use the system. Also during the course, a number of anomalies were identified and questions asked; answers could not be supplied because the instructor did not know enough about the system. Why listen to our concerns or objections we are just the 'bunnies' at the coalface who have to use the system!

8. The bottom line is I joined the Navy for a career not a job and I am a fourth generation service member. I agree changes have to be made, but the changes haven't stopped and people are now so confused as to who does what, it is

affecting the way we do business. Defence is not a corporation, we do not make a profit, therefore, stop trying to engineer our structure as if we were a profit making corporation. The good people of Navy are discharging because enough is enough, our conditions of service are declining, there is no fun any more and we are being worked into the ground because of the 'can do' attitude. My standard working day is about 12–13 hours a day and I am certainly not remunerated for the work I do. To ensure there is no misunderstanding, I love the Navy and have a great deal of pride in the uniform. However, I do not know how much longer I can continue to perform the level of work I am currently undertaking when there is no light at the end of the tunnel.

9. I also have concerns at the lack of backbone the Navy has when it comes to tri-service issues and decision making. The Army trounces over the RAAF and Navy and if it is not done the 'green' way then it is no way. The day I have to wear a green uniform, will be the day I discharge. I have had enough of this! I continually have up-hill battles with Army personnel who have a belligerent and inflexible attitude and who are not willing to go that extra mile for their people.

10. The management of defects is a joke. There is a large amount of funding and resources being wasted. For example, I reported three defects at the same time all regarding blown light bulbs or fluorescent lights and all in the same building. Three contractors came out on three separate days and each had a contract to fix the blown lights. This is a regular occurrence. When the contractors were asked why the other lights in the building were not fixed at the same time, the reply was "I only have a contract to fix the external lights that have blown." What a gross waste of money and resources. How cost effective is this?

11. Navy had better start actively seeking answers to the retention problem and start listening to their people, otherwise there will not be enough people to man the shore bases, let alone ships. I blame the DRP and CSP for much of Navy's problems. Decisions are made that affect people at the coalface, yet they are not consulted or trials are not conducted to ascertain the effectiveness of the decision. A prime example of this is the Defence Plaza in Pitt Stree, Sydney with respect to the pay being centralised and not enough people performing the function. But it was implemented anyway and the resultant effect was a number of personnel had problems with their pay, including debts. The Sydney area alone had a debt owing to the commonwealth of approximately $475,000 (this figure was quoted late 1999). CSP and civilianisation was introduced to save money, as sailors are an expensive commodity. However, how cost effective has it been and the cost to the Navy has been retention of its people, which is now a critical problem. The hierarchy continually say 'people are its number one asset' yet they do nothing but deliver 'lip service' to try and cope with the situation. I have seen a number of teams implemented and surveys despatched and I am yet to see anything concrete. Money is an issue, accommodation, welfare, family support are all issues as well, yet little is being done. Finally the outcome is:

    DRP, Civilianisation and CSP = Senate Committee Inquiry into Retention.

12. I request this submission be made public with name and address deleted.

ADDITIONAL COMMENTS

Senator Brian Greig

Democrats' Spokesperson for Law & Justice; Sexuality Issues.

Homophobia in the ADF

While supporting the thrust of the Chair's report, my particular interest in this inquiry (ADF personnel), is the ongoing discrimination against lesbian and gay personnel, and its negative consequences.

Although the ban on gay and lesbian people serving in the forces was removed in 1992, the then Labor Government's promise to introduce assimilation procedures and Equity/education programs on sexuality, was never honoured.

As a consequence, homophobic harassment, both overt and covert, is a serious and ongoing issue without any adequate response and resolution either by the Forces or the Government. Each seems to blame the other for this failure.

During the time that passed for this inquiry, three gay members of the ADF contacted me to say they were resigning from the forces following long periods of psychological harassment over their sexuality from colleagues. I can confirm that all three have since resigned. I am firmly of the view that homophobia in the forces is a serious problem that contributes to poor recruitment and retention rates of otherwise diligent and competent members.

I therefore find it difficult to accept the claim by Major General Simon Willis, "that harassment of any kind is not tolerated."

Without exception, every gay or lesbian ADF member I have spoken to (about eight in total), said their working environment remained very difficult for them, and that Equity programs were "utterly useless" at acknowledging the problems of sexuality discrimination or even addressing it.

Gay and lesbian ADF members have told me that the Army has the most acute problems with homophobia, and that the Air force and Navy, by comparison, were often more accepting places. I was also informed that anti-gay attitudes were more often than not the product of particular and specific senior personnel, and that some sections of the Army were more accepting.

The evidence suggests the problems with homophobia lay as much with individual Officers than with the system.

I believe the underlying causes of homophobia in the ADF must be addressed with a comprehensive internal education program.

It is unacceptable that after almost a decade has passed since the lifting of the ban, many gay and lesbian personnel still feel that the ADF is hostile to them, and that leaving is the only alternative.

Reform must be complimented with unambiguous harassment polices that deal with sexuality discrimination, and Equity Officers trained at dealing with the issues. I suspect that not until this matter is given the imprimatur of very senior members of the forces, will it be acknowledged and taken seriously.

I note the Committee's comment (5.16), that advocates a review of "spousal recognition", noting that some other Commonwealth Departments recognise same sex couple entitlements. However, this comment does not appear as a Chair's recommendation to Government in the final report. My concern therefore, is that this side-issue reflection does not in any serious way adequately address the issue or its immediacy.

Gay and lesbian personnel continue to experience discrimination in relocation expenses, accommodation, Superannuation, grief counselling and other related "relationship" matters with the ADF.