



# THE RETURNED & SERVICES LEAGUE OF AUSTRALIA LIMITED

NATIONAL HEADQUARTERS

ABN 63 008 488 097

## FIRST PRINCIPLES REVIEW

### SUBMISSION

BY

The Returned & Services League of Australia

### **Introduction**

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

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

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

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

### **Defence Materiel Organisation**

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



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

### **ADF Personnel**

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

#### *Military Remuneration*

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

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

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

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

#### *Senior Staff*

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

The *Budget Review 2014–15, Defence Personnel*, by Dr Nathan Church, highlighted the National Commission of Audit's mention of the significant increase in the number of senior managers within the Defence organisation and made mention this is also a concern of other defence commentators<sup>2</sup>.

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

<sup>2</sup>

[http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/BudgetReview201415/DefencePersonnel](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201415/DefencePersonnel)

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

#### *Staffing levels*

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

#### *Accountability*

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

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

#### *Wages*

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



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