

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.

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:

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

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.

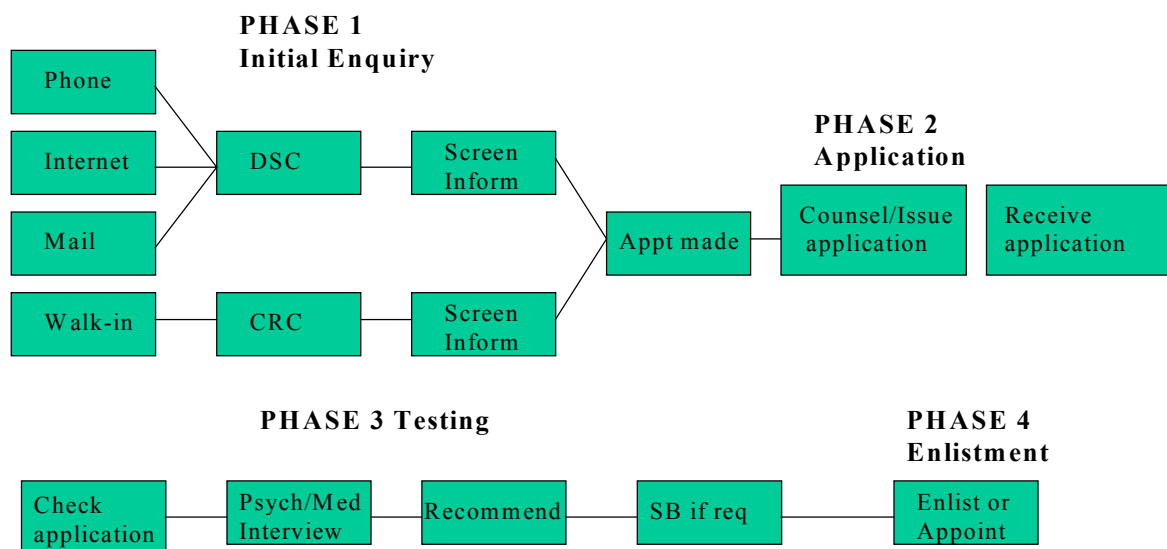


Figure 1: A flow diagram of the current recruitment process

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.

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 enlistments²³

	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 eyesight²⁸. 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

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

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 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 Deloitte—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,

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, \$6,000 for officer and \$7,650 for aircrew officer.⁴⁹ Without the four different fee levels, there would be little incentive to enlist

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

55 *Committee Hansard*, 21 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.