

THE RETURNED & SERVICES LEAGUE OF AUSTRALIA LIMITED

NATIONAL HEADQUARTERS

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Senate Standing Committee on Foreign Affairs Defence & Trade

Inquiry into

The Capability of Defence's Physical Science and Engineering (PSE) Workforce

Submission

The National Board of the Returned & Services League of Australia (RSL) and its members welcome the opportunity to provide a submission to the Commonwealth Parliament's Senate Standing Committee on Foreign Affairs Defence and Trade inquiry into the the capability of Defence's physical science and engineering (PSE) workforce.

RSL policy supports the promotion of the national security benefits of maintaining viable defence research establishments and Australian defence industries (as outlined in the RSL submission to the *Inquiry into Government Support for Australian Defence Industry Exports, conducted by the Defence Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade, 2014*).

We contend then, as now, that the Australian Defence Industry, supported by Defence research, must be nurtured and encouraged as an essential part of the nation's defence capability, to support the Australian economy and to provide jobs for Australians. We also contend that research into key aspects of defence with the potential to advance technology and hence provide the Australian Defence Force (ADF) with a war fighting advantage when sent in harm's way is vital. Such research has the additional advantage of providing Australian defence planners with up to date advice about world's best practice in the realm of defence and security preparedness.

Producing items central to the security of our communications, electronic warfare and cryptographic capabilities, and the research laboratories developing such equipment and information technology systems, underpin Australia's sovereignty as an independent nation. Other defence industries, such as those producing parts for aircraft manufactured overseas, are no less strategic assets as they ensure Australia remains involved in leading edge aviation technologies and our defence industry laboratories also remain connected to world's best practice.

The RSL contends that many of the Royal Australian Navy's problems in maintaining the seaworthiness of ships, submarines and aircraft stem from the outsourcing of the



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technical support and oversight function formerly performed by the Naval Technical Services before the mid 1990's. The Rizzo Report (2011) and the Coles Review (2012) identified issues of neglect and problems that had led to the crises that prompted both enquiries and the solutions that have now been adopted. The Executive Summary of the *Plan to Reform Support Ship Repair and Management Practices* (Rizzo Report) states, "The inadequate maintenance and sustainment practices have many causal factors. They include poor whole-of-life asset management, organisational complexity and blurred accountabilities, inadequate risk management, poor compliance and assurance, a 'hollowed-out' Navy engineering function, resource shortages in the System Program Office in the Defence Material Organisation (DMO), and a culture that places the short-term operational mission above the need for technical integrity". Key recommendations of this Report are to "establish closer working arrangements between Defence and DMO"; "reinstate the cultural importance of technical integrity"; and "rebuild Navy engineering capability".

There are similar instances in Defence Science and Technology (DST) with the small research group exploring Unmanned Underwater Vehicles (UUV) technology for ship and submarine use recently being shut down just as the requirement for this technology is emerging as a possible capability to be considered for the Future Submarine (FSM) acquisition strategy being developed. It would be a profound step backwards if the *2015 Defence White Paper* and the implementation the *2015 First Principles Review*, resulting in the One Defence model, did not continue to move forward with these reviews' recommendations and continue to advance in the support of strengthening the science, technology and engineering capability of the ADF.

The ability to manufacture, repair and maintain complex defence equipment is a vital part of a credible defence posture. Supply of replacement parts for operational equipment deployed by the ADF in time of war may make the difference between success and failure. It may also impact on the number of casualties suffered in battle. Moreover there have been instances in the past, and there could be instances in the future, when a foreign supplier of defence equipment declines to continue supply due to disagreements about foreign policies.

It is for these reasons the RSL contends the Australian Parliament should acknowledge that Australia's defence industries and the PSE workforce that support these industries are important strategic assets.

The most recent Defence Capability Plan (DCP) of 2012 outlined a number of areas across the Services that depend on engineering and software development to support important capabilities in, for example, aircraft support systems, with "global events and recent developments" heightening "awareness of the potential for large-scale Chemical, Biological, Radiological, Nuclear and Explosive (CBRNE) incidents. The Special Operations Engineering Regiment (SOER) was raised to provide response to domestic and overseas CBRNE incidents". Essential Strategic Industry Capabilities (SIC) identified

in the DCP are Composite and Exotic Materials, Geospatial Information and Systems, Guided Weapons, Secure Test Facilities and Rest Ranges and Systems Assurance which require a highly-skilled and capable PSE workforce.

October 2014 the RSL submitted a response to the ADF on the First Principles Review. The RSL maintained Defence lacked the necessary skills to achieve its mission due to the lack of a strategic workforce plan that identified skill gaps with past efforts being “piecemeal, inconsistent and focused on the number of budgeted staff and roles rather than the skills required today and into the future. The fact that Defence does not systematically collect, store and update comprehensive information on the skills of its enabling workforce is a major failing”. RSL highlighted in the submission that “Defence Materiel Organisation (DMO) has limited visibility of their workforce skills ... no targeted strategies for attraction and retention of the right skills and resources required for future capability.... no ability to model engineering and technical workforce requirements for the future”. A June 2014 internal audit of DMO supported this by concluding that “the state of DMO’s engineering and technical workforce is a risk to Defence capability”.

The First Principles Review Recommendations address many of the concerns of the RSL, with their implementation being anticipated as a move forward in establishing a strong workforce capability. One of the Key Recommendations being to “fully implement an enterprise approach to the delivery of corporate and military enabling services to maximise their effectiveness and efficiency” and “ensure committed people with the right skills are in appropriate jobs to create the One Defence workforce”. Recommendation 4.1 states, “that as part of the budget and planning process, Defence build a strategic workforce plan for the enabling functions, and incorporate workforce plans for each job family in order to drive recruitment, learning and development, performance and talent management”. It is hoped a consistent strategy is applied to attract and retain a highly skilled PSE workforce in Defence, DMO and DSTO in support of the three Services and the support industries.

The RSL maintains that select segments of Australian defence industry production must be retained and sustained regardless of the premium so as to ensure that the sovereign security of the nation is protected. This is limited to those few defence industries and research laboratories producing very high security classification equipment and intellectual property for use by our intelligence agencies. Sovereignty is an intangible but important consideration when deciding whether to maintain and sustain defence industries crucial to the nation's war fighting ability.

While we understand that the result of the First Principles Review, One Defence, has addressed many issues within the ADF and DMO the RSL anticipates that implementation of the One Defence business model will be ongoing and used as an opportunity to reposition Australian Defence to meet the current and future demands.

The RSL looks forward to the release of the 2015 Defence White Paper and supporting plans. It urges the Government to make public at the earliest opportunity a fully funded feasible Defence Capability Plan and we suggest that the Parliament, after rigorous scrutiny and any resultant amendment, supports this plan.

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