

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).

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- 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:

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.

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.

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.

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.

