

The Auditor-General  
Audit Report No.9 2004-05  
Performance Audit

# **Assistance Provided to Personnel Leaving the ADF**

**Department of Defence  
Department of Veterans' Affairs**

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of Australia 2004

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Canberra ACT  
25 August 2004

Dear Mr President  
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Departments of Defence and Veterans' Affairs in accordance with the authority contained in the *Auditor-General Act 1997*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit and the accompanying brochure. The report is titled *Assistance Provided to Personnel Leaving the ADF*.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. J. Barrett'.

P. J. Barrett  
Auditor-General

The Honourable the President of the Senate  
The Honourable the Speaker of the House of Representatives  
Parliament House  
Canberra ACT

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# Abbreviations

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ADF	Australian Defence Force
ANAO	Australian National Audit Office
CRA	Compulsory Retirement Age
CSIG	Corporate Services and Infrastructure Group
CTAS	Career Transition Assistance Scheme
CTMC	Career Transition Management Coaching
CTT	Career Transition Training
CV	Curriculum Vitae
DASS	Defence Assisted Study Scheme
DPE	Defence Personnel Executive
DSPPR	Directorate of Strategic Personnel Planning and Research
DTS	Defence Transition Scheme
DVA	Department of Veterans' Affairs
HPSEA	Home Purchase or Sale Expenses Allowance
JSCFADT	Joint Standing Committee on Foreign Affairs, Defence and Trade
MCRS	Military Compensation and Rehabilitation Service
MEC	Medical Employment Classification
MECRB	Medical Employment Classification Review Board
Med. Dis.	Medical Discharge
MIER	Management Initiated Early Retirement
MUFS	Medically Unfit For Service
PACMAN	ADF Pay and Conditions Manual
TMS	Transition Management Service



# Summary and Recommendations



# Summary

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## Background

1. This audit was undertaken in response to a recommendation made by the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) in their September 2002 report *Review of Foreign Affairs, Trade and Defence Annual Reports, 2000–2001* that the Auditor-General should consider conducting a performance audit focusing on Defence's transition management programs.<sup>1</sup>

2. From a permanent force of 51 791 members, 5107 personnel, comprising 962 Officers and 4145 'other ranks', left the Australian Defence Force (ADF)<sup>2</sup> in 2002–03. Separating personnel tended to be those with less than eight years, or more than 18 years, of service.<sup>3</sup> The ADF considers it has an obligation to assist personnel to make the transition from military to civilian life, regardless of whether the means of separation is voluntary or involuntary.

3. Defence and the Department of Veterans' Affairs (DVA) are responsible for assisting personnel leaving the ADF prepare for their transition to civilian life, and for providing assistance in the areas of an individual's career, education, housing, medical needs, compensation and veterans' entitlements. Under the Defence Business Model, the Defence Personnel Executive (DPE)<sup>4</sup> has allocated responsibility for the delivery of products and services associated with military personnel administration, of which transition management is one aspect, to the Corporate Services and Infrastructure Group (CSIG).<sup>5</sup> Star ranked Officers, who have a rank of Commodore/Brigadier/Air Commodore or above, are provided with additional transition assistance by the Directorate of Senior Officer Management.

4. As individuals who leave the ADF because they have been found to be no longer medically fit for service are unlikely to have planned for their separation, Defence considers that they require additional assistance in preparing to transition from military to civilian life. The Transition Management Service (TMS), provided by DVA on behalf of Defence, offers this

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<sup>1</sup> Joint Standing Committee on Foreign Affairs, Defence and Trade, *Review of Foreign Affairs, Trade and Defence Annual Reports, 2000–2001*, Canberra, 2002, p. 68.

<sup>2</sup> The ADF comprises the three Services: Navy, Army and Air Force. The ADF, together with the Department of Defence, comprises 'Defence'.

<sup>3</sup> During 2002–03, nearly 60 per cent of the ADF had completed less than eight years of service.

<sup>4</sup> DPE provides policies and services that attract, recruit, develop, retain and transition the right people. It does this through the provision of workforce planning, recruitment, psychology services and personnel research.

<sup>5</sup> CSIG provides infrastructure, information systems and support services to the Defence organisation.

assistance. The TMS commenced operation as a trial in Adelaide in November 2000 and was rolled out nationally in March 2001. A Service Level Agreement between the two Departments for the provision of the TMS was signed in March 2003. The TMS Service Level Agreement establishes that, for the period starting 1 July 2003 to 31 December 2005, \$650 000 will be paid annually to DVA by Defence.<sup>6</sup>

5. Major areas of transition assistance utilised by ADF personnel during 2002–03 were ADF Transition Seminars, attended by 4122 individuals; career assistance components of the Career Transition Assistance Scheme (CTAS), used by 2224 individuals; and the TMS, accessed by 1197 individuals.<sup>7</sup> The number of users of programs to assist separating personnel, and expenditure on these programs for 2002–03, are outlined in Table 1.

6. The CTAS complements the Defence Assisted Study Scheme (DASS), as under both schemes ADF personnel can access training for career transition. CTAS is a tiered scheme, based on years of service and type of separation from the ADF, which provides opportunities for individuals to undertake training to better market their military skills and experience in the civilian marketplace. The DASS provides an avenue for individuals to undertake re-training in the years prior to separation.

7. Personnel separating from the ADF are generally eligible for a removal to wherever they wish to live in Australia. The major component of transition assistance expenditure for 2002–03 was for allowances associated with these removals, which amounted to \$12.46 million. Two-thirds of this removal expenditure was paid to service providers and one-third to separating or former ADF personnel. Removal allowances were used by 42 per cent of personnel separating during 2002–03.

8. Defence and DVA are jointly conducting a pilot project in Townsville to determine if ADF personnel, who are separating for other than medical reasons, require additional assistance to transition to civilian life. The Defence Transition Scheme (DTS), which commenced in November 2003, comprises the preparation of individually tailored Transition Action Plans and the Stepping Out Program. The Transition Action Plans are intended to assist individuals identify information and services available to support their transition. The Stepping Out Program is run by the Vietnam Veterans Counselling Service and provides specific introductory education focussing on the physical and mental effects of transition and how these can be managed.

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<sup>6</sup> This figure consists of an annual fixed cost payment of \$200 000 and a variable cost payment of \$750 per case based on 600 cases annually, resulting in a monthly payment of \$ 54 167.

<sup>7</sup> This comprises 284 continuing TMS cases and 913 commencing TMS cases in 2002-03.

**Table 1****Use and cost of transition assistance provided to separating ADF personnel 2002–03**

<b>Transition assistance</b>	<b>Number of users</b>	<b>Cost (\$ million)</b>
Assistance provided by Transition Co-ordinators and Resettlement Officers	Not available.	2.79
Defence Assisted Study Scheme - Level 3 for transition purposes	441	0.16
Career Transition Assistance Scheme - career assistance	2 224	2.23
- ADF Transition Seminars	4 122	0.06
Removal Allowances	2 148	12.46
Home Purchase or Sale Expenses Allowance	97	0.79
Transition assistance for Star ranked Officers	33	0.32
Transition Management Service	1 197	0.80
<b>Total</b>	<b>Not applicable</b>	<b>19.61</b>

Note: 1) Individuals attending ADF Transition Seminars included personnel about to separate from the ADF, those contemplating separation at some time in the future, and spouses of ADF personnel.

2) The cost to Defence of removal allowances is understated, as temporary accommodation allowance for separating personnel, which is one component of the removal allowance available to personnel, could not be distinguished from the cost of temporary accommodation allowance for all posting travel.

3) From 1 July 2003, the fee paid by Defence to DVA for the delivery of the TMS has decreased to \$650 000, based on the management of 600 cases annually.

4) Data on the Defence HomeOwner Scheme is not presented in this Table as individuals who had utilised the Scheme following their separation from the ADF could not be distinguished from other users of the Scheme.

5) The costs reported in this Table cover only the direct dollar costs of transition programs. Costs associated with the attendance of participants in CTAS activities, for example, have not been included.

Source: ANAO analysis of Defence and DVA data.

**Audit approach**

9. The objective of the audit was to provide assurance to Parliament that adequate and appropriate transition assistance is available to personnel leaving the ADF. The ANAO examined: the range of transition assistance provided to separating ADF personnel; the extent to which this assistance is utilised; the cost to Defence of providing transition assistance; and the relevant

responsibilities of those who deliver transition assistance. The ANAO did not audit: compensation available to ADF personnel under the *Safety Rehabilitation and Compensation Act 1988* and the *Veterans' Entitlements Act 1986*; access to a superannuation Service or invalidity pension under the *Defence Force Retirement and Death Benefits Act 1973* and the *Military Superannuation Benefits Act 1991*; or the separation administrative process.

## Key audit findings

### Transition assistance provided by Defence (Chapter 2)

10. The ANAO found that ADF personnel are advised to begin preparing for transition to civilian life at least three years before their intended separation date. Defence encourages personnel to: attend ADF Transition Seminars; read the *ADF Transition Handbook*; access the Defence internet and intranet sites; and consult their Unit/Ship Resettlement Officer, Transition Co-ordinators and Resettlement Officers, to obtain information about transition assistance and issues individuals may need to consider in their move from military to civilian life.

11. The ANAO found that, during 2002–03, less than one per cent of the ADF utilised DASS to undertake courses to assist in their future transition to a new career following separation from the ADF, 80 per cent of those doing so being 'other ranks'. Reimbursements paid to individuals completing courses totalled some \$155 000 in 2002–03, which was 38 per cent of the estimated cost to Defence had individuals been eligible for the maximum reimbursement. In comparison, 44 per cent of those leaving the ADF during 2002–03 utilised CTAS.

12. The ANAO found that individuals did not use all of the elements of CTAS to which they were entitled. Results from the 2002 ADF Exit Survey indicate that 85 per cent of those individuals who reported using the CTAS generally found the training undertaken to be beneficial in their transition to the civilian workforce. As a result of changes made to the DASS and CTAS in January 2004, ADF personnel are now eligible to access a wider range of benefits and, in some cases, to access benefits for which they were not previously eligible.

13. Separating personnel represented nine per cent of all ADF removals during 2002–03. As well as assisting individuals to relocate within Australia, Defence provides individuals with some assistance to purchase a new home, by extending the period eligible individuals can access home loan schemes past their separation date. Data obtained by the ANAO indicates that less than 10 per cent of personnel leaving the ADF chose to use these schemes following their separation.

14. The ANAO was unable to find any aggregate reporting to senior Defence management on the transition assistance provided to separating ADF personnel. Such reporting could usefully encompass information on: the usage rates of transition assistance programs; the extent to which eligible personnel are accessing these programs; satisfaction with the programs offered; and the cost of the programs.

### **Transition assistance provided by DVA (Chapter 3)**

15. For 2002–03, 12 per cent of those leaving the ADF did so because it was determined they were no longer medically fit for service. The TMS assists such personnel, and those who may be deemed to be medically unfit for service, identify assistance they are eligible to receive and make the transition to civilian life. The ANAO observed variations in how personnel are informed of the TMS by their Career Management Agency, and the information they are given about the TMS. Defence and DVA advised the ANAO during the course of the audit that they will work together to standardise the information provided to personnel about the TMS.

16. The ANAO found that 96 per cent of individuals commencing use of TMS during 2002–03, did so by self-referral or following the TMS receiving notification that the individual's case was to be considered by a Medical Employment Classification Review Board (MECRB). The TMS assists individuals by preparing Discharge Impact Statements and Transition Action Plans.<sup>8</sup> Discharge Impact Statements were prepared for 726 personnel during 2002–03,<sup>9</sup> with many of these cases yet to be considered by a MECRB during this time. The ANAO found that, of those individuals whose case was considered by a MECRB during 2002–03, two-thirds utilised services provided by the TMS. More than half of these individuals had both a Discharge Impact Statement and a Transition Action Plan prepared.

17. The ANAO found the Transition Action Plans trialled during the DTS pilot may be of benefit to personnel separating from the ADF with short notice. The Stepping Out Program was found by the ANAO to provide wider guidance to personnel on the effects of transition than currently occurs. The agreement between Defence and DVA for the conduct of the DTS outlines a basis for evaluation of the pilot and establishes that a business process review is to commence by September 2004. In conducting the evaluation, the ANAO considers Defence would benefit from explicitly comparing the services offered

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<sup>8</sup> Discharge Impact Statements are one of several documents to be considered in the decision-making process as to whether the individual should be medically discharged.

<sup>9</sup> The remaining 471 users of the TMS had either commenced initial contact with the TMS and were yet to access available services or had commenced usage during 2001–02 and had progressed to preparation of a Transition Action Plan.

in the pilot to those offered in the general ADF transition process provided by Transition Centres, to assess value for money aspects.

## Overall audit conclusion

18. Assistance provided by Defence to personnel moving from military to civilian life is broadly designed to assist individuals in finding and obtaining a civilian career and to relocate to a new location within Australia, if required. The ANAO considers that, overall, Defence provides an effective package of transition assistance to personnel leaving the ADF. The ANAO observes that not all personnel choose to utilise this assistance, or use all of the benefits to which they are entitled.

19. The ANAO found there are appropriate mechanisms in place to clearly communicate information about transition assistance programs to ADF personnel who are planning their separation. The cost to Defence of providing transition assistance in 2002–03 amounted to almost \$20 million. Of this, half of the total cost was for payments to course and service providers; one-third was in the form of payments to separating or former ADF personnel; one-sixth was for Defence administrative costs; with the remainder paid to DVA for the provision of the TMS.

20. Of those personnel using the TMS in 2002–03, one-third had been informed there was a possibility they may be medically discharged but were yet to have their case considered by a MECRB. As production of a Transition Action Plan may now commence at any stage after initial contact between the TMS and an individual, the ANAO considers that potential medical discharges may now be better able to access transition assistance programs.

21. The ANAO made two recommendations to improve Defence's management of transition assistance relating to: internal monitoring and reporting on the provision of transition assistance to separating ADF personnel; and evaluation of the DTS pilot in Townsville prior to any national roll-out.

## Response to the report

22. Defence and DVA agreed with both recommendations. DVA advised the ANAO that:

DVA notes the overall conclusions and also notes that with the introduction of TMS potential medical discharges are now better informed about, and better able to access, the full range of transition assistance programs available.



# Recommendations

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*Set out below are the ANAO's recommendations, with report paragraph references.*

**Recommendation  
No. 1  
Para. 2.64**

The ANAO recommends that:

- (a) Defence incorporate reporting on transition assistance in future Customer Service Agreements between Corporate Services and Infrastructure Group and the Services; and
- (b) the Personnel Steering Group, as a sub-committee of the Defence People Committee, should be responsible for monitoring and reporting on the provision of transition assistance to separating ADF personnel.

*Agreed: Defence and DVA*

**Recommendation  
No. 2  
Para. 3.48**

The ANAO recommends that Defence, in evaluating the Defence Transition Scheme pilot, explicitly compare the Scheme against the baseline case of the general ADF transition process provided by Transition Centres to assess value for money, prior to any national roll-out.

*Agreed: Defence and DVA*



# **Audit Findings and Conclusions**



# 1. Introduction

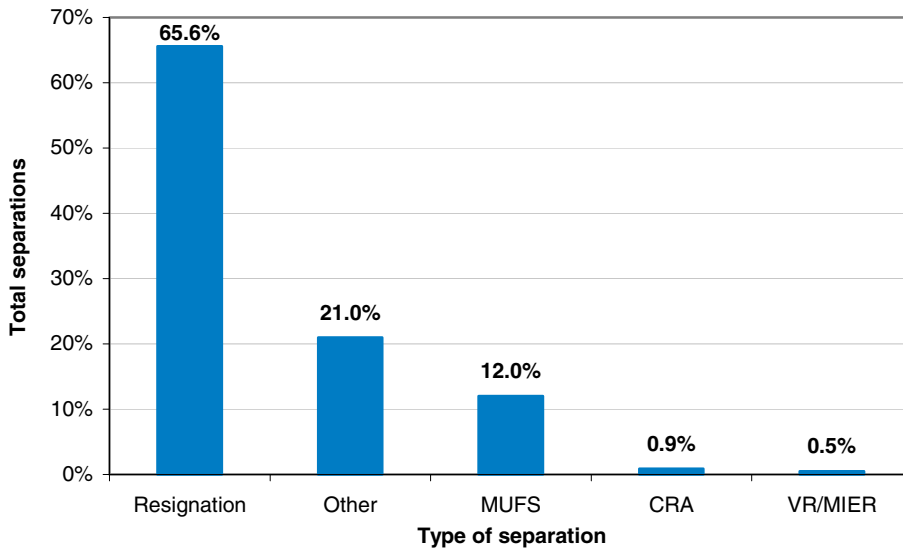
*This chapter provides background about how personnel separate from the ADF and outlines the audit approach.*

## Background

**1.1** The majority of the 5107 personnel who left the ADF during 2002–03 did so voluntarily by resigning, as displayed in Figure 1.1. The second most common reason personnel separate is because they are no longer medically fit for service in the ADF, with 12 per cent of separations attributable to this reason.

**Figure 1.1**

### ADF separations 2002–03



Note: 1) 'Other' includes separation because an ADF member made a false statement on enlistment; retention of the member is not in the Service's interest; member is leaving within 90 days of enlistment; member is below the fitness standard; irregular enlistment; civil offence; death; disciplinary reasons; member failed to enlist; member is absent; training failure; contract completed and completed continuous full-time service.

2) 'MUFS' is medically unfit for service; 'CRA' is compulsory retirement age; 'VR' is voluntary redundancy and 'MIER' is Management Initiated Early Retirement.

Source: Directorate of Personnel Management Information, Department of Defence.

**1.2** Research conducted by the Directorate of Strategic Personnel Planning and Research (DSPPR)<sup>10</sup> indicates that, historically, most people leave the ADF on a voluntary basis, with only around 20–25 per cent of separations during the late 1990s being involuntary. DSPPR has defined involuntary separations as being those where ADF personnel are asked to leave.<sup>11</sup>

**1.3** Of those personnel who separated from the ADF in 2002–03, 1810 transferred to a category of the Reserves.<sup>12</sup> Separating personnel may transfer to the Reserves for several reasons.<sup>13</sup> For some individuals, the Reserves may be their preferred form of employment following separation. For others, transferring to the Reserves is a way of keeping open their option of rejoining the permanent ADF, as it is easier to re-enlist from the Reserves than as a civilian. In 2002–03, 302 personnel re-enlisted in the permanent ADF.

**1.4** Data collected by the 2002 ADF Exit Survey reveals that the majority of respondents had paid employment to go to when they left the ADF.<sup>14</sup> Of those respondents who did not, the majority were actively seeking a job.

## Assisting people when they leave the ADF

**1.5** Defence and DVA provide specific programs to assist separating personnel when they leave the ADF. Transitioning—ensuring that Defence’s people are supported when they leave Defence and that they are welcome back is one of the five key themes underlying Defence’s people capability policies and initiatives.<sup>15</sup>

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<sup>10</sup> DSPPR, located in DPE, provides a personnel research capability to support strategic workforce planning, strategic personnel planning, and advice and assistance on the evaluation of personnel management policies and practices.

<sup>11</sup> DSPPR, *Defence Personnel Environment Scan 2020*, 2001, p. 80.

<sup>12</sup> The categories of Reserve service are High Readiness Active Reserve and High Readiness Specialist Reserve; Specialist Reserve; Active Reserve; Standby Reserve; and other categories, as determined by a Service Chief. Personnel transferring to the Active Reserve will have an annual training commitment (level of commitment to be determined by the Service) while the Standby Reserve will have no training commitment but will be available for call out by the Federal Government.

<sup>13</sup> All members appointed to or enlisted in the permanent ADF after 1 July 2003 are obligated to serve in the Standby Reserves for a period of five years following the end of their period of service. Airmen and airwomen who enlisted in the Air Force after 1 January 1996 are transferred to the RAAF Reserve on ceasing full-time service with an obligation to serve in the Reserves for a period of five years.

<sup>14</sup> The ADF Exit Survey is an ongoing tri-Service survey of exiting permanent ADF personnel conducted by DSPPR. The Survey is designed to capture information on the primary reasons for separation by members voluntarily leaving the ADF prior to age retirement. The 645 returned surveys represents approximately 12 per cent of the 5456 personnel who separated between January and December 2002. To address the low response rate, from January 2004 ADF Exit Surveys will be distributed by ADF Transition Centres to personnel at their final interview.

<sup>15</sup> *Portfolio Budget Statements 2003–04, Defence Portfolio (Department of Defence and the Defence Housing Authority)*, Budget Related Papers Nos. 1.4A and A.4C, 2003, p. 175. The other four themes are ‘attracting’, ‘recruiting’, ‘developing’ and ‘retaining’.

**1.6** Table 1.1 outlines transition assistance provided by Defence, together with the areas responsible for delivering the associated services and policy development. It also indicates when assistance can be accessed in relation to an individual's discharge.

**1.7** Star ranked Officers are provided with additional transition assistance.

**Table 1.1**

**Transition assistance provided to ADF personnel and areas in Defence responsible for its provision**

Transition assistance programs	Service delivery responsibility	Policy responsibility
Defence Assisted Study Scheme	Services and CSIG	Directorate of Education and Training Review
Career Transition Assistance Scheme	Resettlement Officers	Directorate of Education and Training Review
Removal entitlement	Defence Housing Authority	Directorate of Housing and Removals Policy
Defence HomeOwner Scheme	Defence Housing Authority	Directorate of Housing and Removals Policy
Home Purchase or Sale Expenses Allowance	Directorate of Entitlements	Directorate of Housing and Removals Policy
Civil accreditation	Services	Defence Education, Training and Development
Transition assistance for Star ranked Officers	Directorate of Senior Officer Management	Directorate of Senior Officer Management

Note: 1) When ADF personnel may use transition assistance:

- assistance may be used at any time;
- assistance can be used on submitting a request for discharge or on discharge;
- eligibility to use assistance extends for a specified period after discharge; and
- elements of this assistance can be accessed at any time but additional assistance becomes available after submitting an application to discharge.

2) Additional background information about these transition assistance programs is presented in Appendix 3.

Source: ANAO analysis of Defence data.

**1.8** Additional assistance is provided by DVA to personnel separating from the ADF because they are deemed no longer medically fit for service.

**1.9** The Links Project was jointly established by Defence and DVA in 1998 to:

- improve service delivery to ADF members and ex-members, within existing resources;
- improve the cost-effectiveness of services provided; and
- take opportunities, where appropriate, to move functions, particularly transition, post-discharge and closely associated services, to DVA.

**1.10** In 1999, the review of the military compensation scheme (known as the 'Tanzer Review')<sup>16</sup> commented that 'the ADF has a well established resettlement system that is targeted at the transition of the full time member to civilian life'.<sup>17</sup> For those members no longer fit to serve with the ADF, the Review concluded that there was a need for rehabilitation and compensation entitlements to be more closely co-ordinated with resettlement during the discharge process.<sup>18</sup>

**1.11** A Defence Instruction, issued in October 2002, promulgated discharge administration and transition management procedures to ADF personnel.<sup>19</sup> This Instruction established that all eligible personnel would be assisted through the discharge administration process, by Co-ordinators in the CSIG discharge cell in their region and through their unit or establishment.<sup>20</sup> In addition, tri-Service procedures, including a common application to separate from the ADF, were introduced.

## Responsibility for transition assistance

**1.12** Responsibilities associated with transition assistance for separating personnel and medical dischargees are outlined in Appendix 1. DPE has allocated responsibility for the delivery of products and services associated with military personnel administration, of which transition management is one aspect,<sup>21</sup> to CSIG. DPE still retains responsibility for developing policy in the

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<sup>16</sup> The Review was established to develop options for a single, self contained military compensation scheme for peacetime service. Transition assistance was considered in the context of its relationship to compensation and rehabilitation.

<sup>17</sup> Department of Defence, *The Review of the Military Compensation Scheme*, March 1999, p. 51.

<sup>18</sup> *ibid.*, p. 52.

<sup>19</sup> *Defence Instruction (General) Administration 60-1 Australian Defence Force Separation Administration Procedures*.

<sup>20</sup> Tri-Service discharge administration processes delivered by regionally based Discharge Co-ordinators were introduced as part of the Links Project from 1 March 2001. Prior to this, single Service discharge cells provided discharge administration for separating personnel.

<sup>21</sup> Military personnel administration includes pay, leave, allowances and deductions, entitlements, personal administration and individual readiness.

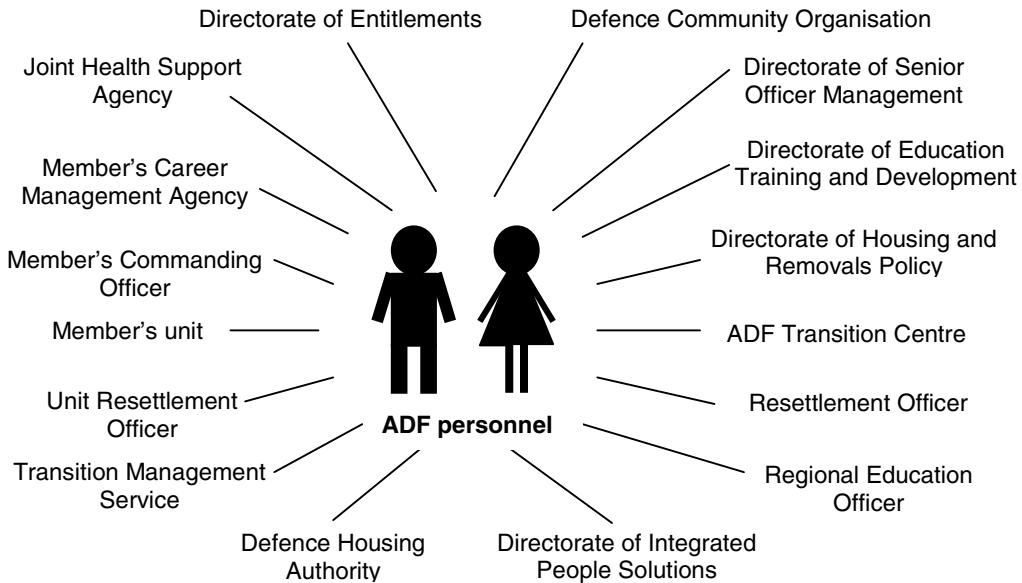


areas of determinations,<sup>22</sup> entitlements, housing and removal policy, salary and allowances, service conditions and career transition assistance.

**1.13** Figure 1.2 displays additional groups who are responsible for assisting individuals move from military to civilian life.

**Figure 1.2**

**Groups with responsibility for providing transition assistance**



Note: 1) Depending on the Service they belong to and their rank, an ADF member's Career Management Agency will be the Directorate of Sailors' Career Management, Directorate of Naval Officer Postings, Soldier Career Management Agency, Directorate of Officer Career Management–Army, Directorate of Personnel Airmen or Directorate of Personnel Officers–Air Force.  
2) The Transition Management Service is provided by the Military Compensation Branch within DVA.

Source: ANAO analysis of Defence data.

**1.14** In CSIG, technical authority for the delivery of military personnel administration is vested in the Assistant Secretary Personnel Services. Technical authority entails responsibility for: setting standards of performance in product and service delivery; standardising performance to the extent necessary; setting performance measures; delivering, monitoring and improving service delivery; and reporting to senior management on all aspects of the service/product.

<sup>22</sup> Determinations are the legal instruments that create many of the employment conditions that apply in Defence. The *Defence Act 1903* includes sections that provide for terms and conditions to be determined.

**1.15** Transition management of ADF personnel is delivered on a regional basis. The Director Integrated People Solutions, as the military personnel administration subject matter expert, is responsible for ensuring consistency of product and service delivery across the regions, and liaising with policy areas, to ensure that regional issues are addressed and policy changes are communicated.

**1.16** A Unit or Ship Resettlement Office may be the first point of contact for personnel contemplating separation from the ADF.<sup>23</sup> Primarily, they will inform personnel of information resources about transition assistance and refer them to the local Resettlement Officer.

**1.17** Resettlement Officers, of which there are 23 located around Australia, and Transition Co-ordinators, located in ADF Transition Centres,<sup>24</sup> are principally responsible for providing ADF personnel with information about transition assistance and the discharge process. The prime role of Resettlement Officers is to advise individuals about their career transition requirements and the available benefits. Transition Co-ordinators individually case manage separating ADF personnel and, in doing this, advise of entitlements available on separation.

**1.18** ADF personnel can consult Transition Co-ordinators at any time throughout their career. If an individual has not previously spoken to a Transition Co-ordinator, they will be contacted following the issue of their Discharge Authority. Transition Co-ordinators initially meet with an individual to indicate personal administration matters that must be completed prior to separation, advise on separation considerations and refer personnel to subject matter experts on related issues, including the Resettlement Officer. An interview with the Transition Co-ordinator on the final day of service is required to ensure that final administrative matters are completed.<sup>25</sup>

**1.19** The *Military Rehabilitation and Compensation Act 2004* establishes a new responsibility for managing medical discharges. Under section 64 of the Act, a member of the permanent forces or a continuous full-time Reservist who has been identified as being likely to discharge from the ADF for medical reasons is to have a case manager appointed by their Service Chief.

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<sup>23</sup> The role of Unit/Ship Resettlement Officer is a secondary appointment.

<sup>24</sup> The locations of Resettlement Officers and ADF Transition Centres are in Appendix 2.

<sup>25</sup> *Defence Instruction (Army) Personnel 10–2 Promotion, separation and discharge ceremonies*, issued by Chief of Army in February 2004, promotes the conduct of separation ceremonies for members leaving the Army or transferring to a component of the Army Reserves. The purpose of these ceremonies is to ensure ‘... departing members receive a fitting and just farewell, recognising their service to the Army and the Nation, and ensuring they depart on a positive note.’ A certificate of appreciation of service is to be presented and the member’s record of service read aloud to publicly acknowledge the service rendered.

## Audit approach

**1.20** In their report *Review of Foreign Affairs, Trade and Defence Annual Reports 2000–2001*, the JSCFADT considered there were two issues to be addressed in seeking to understand transition management: the need to determine the support and services that ADF personnel are entitled to; and determining what government agency is responsible for providing what services to eligible persons.<sup>26</sup>

**1.21** Specific areas of interest raised by the JSCFADT in their report included: the qualification criteria for personnel to be able to access transition assistance programs; informing ADF personnel of the existence and content of transition assistance programs; and the need for some form of outplacement service, with the possibility of extending this service to the immediate family members of ADF personnel.<sup>27</sup> The JSCFADT recommended that ‘the Auditor-General should consider conducting a performance audit focusing on transition management programs conducted by the Department of Defence’.<sup>28</sup>

**1.22** The objective of this audit is to provide assurance to Parliament that adequate and appropriate transition assistance is available to personnel leaving the ADF.

**1.23** The scope of the audit included: an examination of the transition assistance provided to separating ADF personnel; the use and cost of transition assistance; and the relevant responsibilities of those who deliver transition assistance. Consideration of: compensation available to ADF personnel under the *Safety Rehabilitation and Compensation Act 1998* and the *Veterans’ Entitlements Act 1986*;<sup>29</sup> access to a superannuation Service or invalidity

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<sup>26</sup> JSCFADT, *op. cit.*, p.62.

<sup>27</sup> In response to these comments, Defence conducted a trial between May and August 2003 examining the feasibility of extending outplacement services to all separating personnel. The evaluation of the trial found that the Career Transition Management Workshops were useful but not essential. Funding was sought from DPE for the workshops to be provided in 2004–05 but proved unsuccessful. Conducting the workshops for all separating personnel was estimated to cost \$1.2 million cases per annum.

A one year trial of a workforce access program designed to help partners of ADF personnel find employment in new posting locations, known as the Services Workforce Access Program for Partners, was announced by the Minister Assisting the Minister for Defence on 10 October 2003.

<sup>28</sup> JSCFADT, *op. cit.*, p.68.

<sup>29</sup> Members of the ADF may be eligible to claim compensation under both Acts. The *Safety Rehabilitation and Compensation Act 1998* covers work-related injuries and is administered by the Military Compensation and Rehabilitation Service (MCRS) within DVA. The *Veterans’ Entitlements Act 1986* is administered by DVA on behalf of the Repatriation Commission and provides compensation for injuries and diseases incurred during continuous full-time service for:

- peacetime service from 7 December 1972 to 7 April 1994. Members who enlisted before 22 May 1986 and are still serving after 7 April 1994 are also covered for service after that date; and
- all periods of operational service, peacekeeping service and hazardous service.

pension under the *Defence Force Retirement and Death Benefits Act 1973* and the *Military Superannuation Benefits Act 1991*; and the separation administration process, were not included in the scope of this audit.

**1.24** Audit fieldwork included an examination of files and data held by Defence and DVA, attendance at an ADF Transition Seminar and a TMS interview, and interviews with personnel from both departments involved in providing transition assistance.

**1.25** The audit was conducted in conformance with ANAO auditing standards at a cost to the ANAO of \$271 000.

## Report structure

**1.26** The remainder of this report is structured as follows:

- Chapter 2—outlines the transition assistance provided by Defence, how this assistance is used, what the costs to Defence are and how information about this assistance is communicated to ADF personnel; and
- Chapter 3—discusses the TMS provided by DVA, how ADF personnel use this Service, what the Service costs and the pilot of the Defence Transition Service being conducted by Defence and DVA.

## 2. Transition assistance provided by Defence

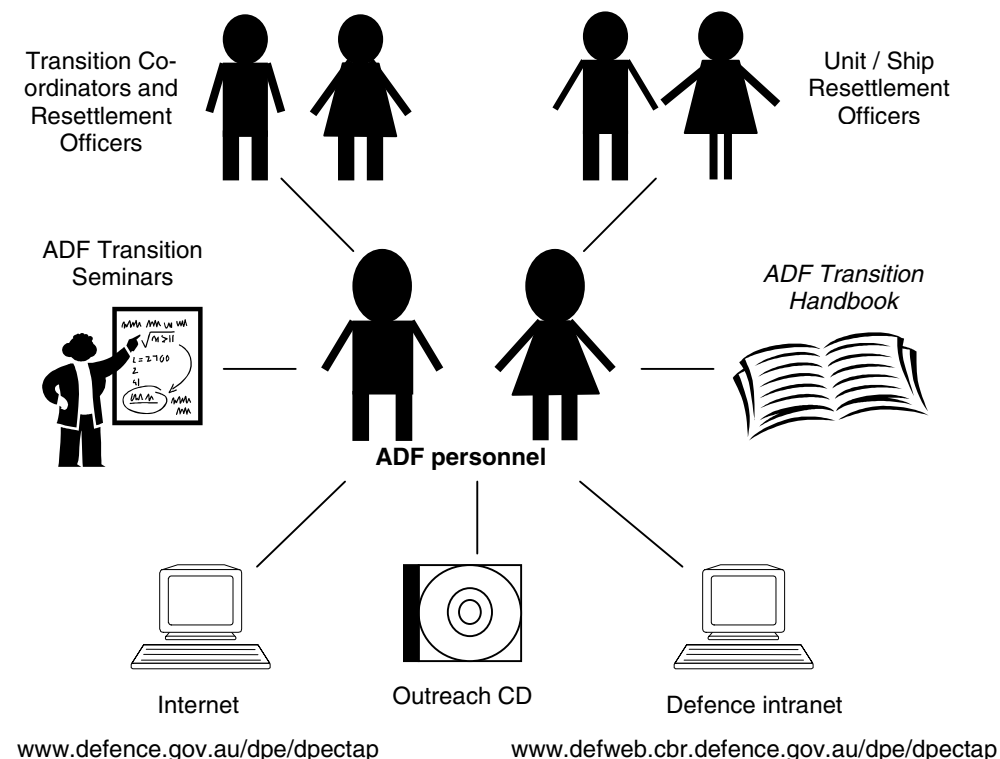
*This chapter outlines how ADF personnel are informed about transition assistance provided by Defence, examines the use of this assistance, and estimates the cost to Defence.*

### Sources of information

2.1 For transition assistance to fulfil its aims of assisting separating personnel, ADF members need to be able to easily access information about the types of assistance available. The mechanisms used by Defence to supply ADF personnel with information about transition assistance are outlined in Figure 2.1.

**Figure 2.1**

#### Sources of information about transition assistance



Source: *ADF Transition Handbook*.

## ADF Transition Seminars

**2.2** ADF Transition Seminars are three-day events designed to present ADF personnel with information they may need to consider, when planning their separation from the ADF and re-entry to civilian life. Seminars are conducted on a tri-Service basis around Australia, with selected locations conducting multiple seminars during the year to allow for attendance by personnel on exercise or at sea. For 2002–03, ADF Transition Seminars cost Defence some \$63 000.<sup>30</sup>

**2.3** Responsibility for co-ordinating the Seminar program rests with the Executive Officer Career Transition Assistance, located in the Directorate of Education and Training Review.<sup>31</sup> Seminars are conducted by regionally based CSIG members. The annual Seminar program is available on the internet, intranet and from Resettlement Officers.

**2.4** ADF personnel can attend an ADF Transition Seminar at any time during their career and are encouraged to attend more than one.<sup>32</sup> There were 4122 attendees at the 29 ADF Transition Seminars held during 2002–03.<sup>33</sup> Attendance was predominantly by Army personnel (49 per cent); followed by Air Force (22 per cent); Navy (20 per cent); and spouses of ADF personnel (nine per cent). Information collected by the 2002 ADF Exit Survey indicates that approximately two-thirds of respondents attended an ADF Transition Seminar at some stage during their career, the majority in their final 12 months in the ADF, as is recommended. Personnel attending Seminars were more likely to have been 'other ranks' than Officers and tended to have served longer in the ADF.

**2.5** ADF Transition Seminars are intended to provide attendees initially with basic information and guidance on where to find more detailed information. The CTAS Operating Guidelines list mandatory and elective seminar topics, with seminars to include as many of the latter as time will permit. Topics presented are in the areas of entitlements available to separating

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<sup>30</sup> This cost is for catering, printing, audiovisual support, venue hire where Seminars are not held on base and an annual thank you lunch for seminar presenters, who are not paid for their services.

<sup>31</sup> The Directorate of Education and Training Review, located in DPE, provides a policy framework to the single Service Training Commands responsible for the rationalisation and delivery of joint training; acts as the point of contact for education and training policy issues for Defence personnel and for ADF sport; and provides policy for, and administers, Defence education assistance schemes.

<sup>32</sup> Individuals whose service is terminated for disciplinary reasons are unable to attend ADF Transition Seminars. Where attendance is limited, priority is to be given to members who have submitted their application for discharge, regardless of their length of service. Spouses may also attend seminars, the only caveat being that their attendance incurs no cost to the Commonwealth and is not detrimental to the attendance of any Service member.

<sup>33</sup> Seminars were held in Adelaide, Brisbane, Cairns, Canberra, Darwin, Hobart, Melbourne, Newcastle, Nowra, Perth, Sydney and Townsville.

personnel, financial matters and employment matters. To ensure consistency of information, the Guidelines outline suggested presenters (who may be from Defence, DVA, other Government agencies or local service providers)<sup>34</sup> and a brief description of the material to be covered for each topic.

## Transition Co-ordinators and Resettlement Officers

**2.6** Individuals can obtain both general and specific information tailored to their needs from Transition Co-ordinators and Resettlement Officers.

**2.7** In addition to making presentations at ADF Transition Seminars covering general matters to be dealt with when separating,<sup>35</sup> Transition Co-ordinators use checklists to ensure personnel receive required information during the two interviews conducted with each separating member. The Transition Co-ordinator's checklist is to ensure a separating member receives:

- information packages on career transition, DVA, compensation, superannuation and relocations;
- information on entitlements and how to access them;
- advice on final medical and dental appointments; and
- information on responsibilities in preparation for civilian life, such as Medicare cards, health insurance, Centrelink, housing and storage of personal effects and belongings.<sup>36</sup>

**2.8** The member's checklist is to confirm whether they have or have not received information and/or advice on the above items. Also included are sections to confirm the member has applied for compensation if applicable, submitted their ComSuper forms, and received a statement of their removal entitlements. A section of this form records the Resettlement Officer's identification of which CTAS components the member has already undertaken or wishes to undertake.<sup>37</sup>

**2.9** Resettlement Officers are relied upon to use appropriate means in their region to advertise CTAS benefits. ADF Transition Seminar presentations provide an overview of CTAS benefits and how to access them. Resettlement

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<sup>34</sup> A disclaimer is provided to Seminar attendees, reinforced at the beginning of each Seminar, that the advice given during the Seminar is a free service and the ADF does not give or imply any endorsement of any person or organisation participating in the Seminar.

<sup>35</sup> Material to be covered during this presentation includes medical and dental processing, recognition of previous service, superannuation administration, long service and recreation leave, and notification of change of address.

<sup>36</sup> Form AC 848—Tri-Service Discharge Co-ordinator's Check List.

<sup>37</sup> Form AC 849—Tri-Service Discharge or Transfer Clearance.

Officers also promote CTAS through presentations to units, signals, local network log-on pages, locally produced flyers and information booklets, and regional CSIG web pages.<sup>38</sup>

**2.10** Some 80 per cent of personnel who supply transition assistance are Defence Australian Public Service employees, of whom 60 per cent are ex-ADF personnel.<sup>39</sup> Although two-thirds of personnel had provided transition assistance for two or more years, the majority indicated to the ANAO they had received no formal training, instead relying on on-the-job training.

**2.11** Defence has informed the ANAO that standard operating procedures for military personnel administration, including transition management of ADF personnel, are under development, with completion of drafting expected by end 2004.

**2.12** The ANAO estimates transition assistance to separating ADF personnel provided by Resettlement Officers and Transition Co-ordinators cost Defence \$2.79 million in 2002–03.<sup>40</sup>

### ***ADF Transition Handbook***

**2.13** The *ADF Transition Handbook* provides personnel with initial information on entitlements and issues to consider prior to, during and after the transition process. Readers are advised to consult their Resettlement Officer where further information is required.

**2.14** With many topics in common, the Handbook complements attendance at an ADF Transition Seminar. The Handbook focuses on policy and Defence-provided assistance, while Seminars direct members' attention to issues unlikely to have been required in an ADF career, such as job interview techniques.

**2.15** The Handbook is accessible online, through both the internet and intranet sites, from Resettlement Officers and is distributed at some Seminars. A revised and updated Handbook will be available from June 2004.

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<sup>38</sup> Additionally, Resettlement Officers also assist and inform Unit/Ship Resettlement Officers through specific information sessions and locally produced publications for the use of these Officers.

<sup>39</sup> The ANAO collected data on 52 personnel supplying transition assistance to ADF personnel. This group consists of Transition Co-ordinators, belonging to CSIG's Military Personnel Administration stream, and Resettlement Officers and other personnel from CSIG's Education, Training and Development stream who supply transition assistance.

<sup>40</sup> The ANAO calculated this cost based on information supplied by Defence on the percentage of their time relevant personnel spent performing transition duties, the salary costs of these personnel and a factor of 154.4 per cent for labour on-costs.



## Service publications

2.16 Methods used to publicise CTAS, DASS and the ADF Transition Seminars include articles in the Defence newspapers, notices placed on the Defence restricted network, Defgrams, and ADF signals.

## Transition assistance information available online

2.17 The Career Transition Assistance webpage, accessible through the Personnel Portal on Defence's internet site and Defweb, Defence's intranet,<sup>41</sup> contains information on issues to consider before, during and after separating from the ADF.<sup>42</sup> Users are advised the sites are only one way of obtaining advice and contact details.

2.18 Information presented on the internet site, which includes references to relevant policies,<sup>43</sup> covers the following:

- **Career Transition.** Checklist of actions to take to access entitlements during the separation process; and personal and employment issues to consider, including entitlements and the ADF Transition Seminar schedule.
- **ADF Transitions.** How to successfully navigate both the medical and voluntary discharge process and where to find information.
- **Links.** Links to relevant Government and Defence sites.
- **Financial.** Links to general information on financial management, as well as tools for members to determine their 'worth' outside the ADF.
- **Job Search.** Contact points to access software programs to help in resume development, job matching and career searching.

2.19 Due to the absence of automatic counting mechanisms, the number of users accessing the career transition assistance page information via Defence's internet site and Defweb is unknown.

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<sup>41</sup> Defweb replicates the information on Defence's internet site and contains links to relevant policy documents.

<sup>42</sup> The Outreach CD is produced monthly for ADF personnel unable to access Defweb or the Defence internet site. The transition assistance information available on this CD is the same as that available on Defweb.

<sup>43</sup> The *ADF Pay and Conditions Manual*, which sets out determinations and policy guidance on ADF pay and conditions of service, and the *Members Guide to ADF Pay and Conditions of Service*, which has been developed to provide ADF personnel and their spouses with easily accessible information on pay and conditions, are also accessible via the Personnel Portal.

## CSIG regional web-based information

**2.20** Each CSIG region has a page accessible through the CSIG Regions and Bases page on Defweb. The ANAO observed considerable variation in the information presented on these pages and in the ease of locating available information. Information ranged from a description of what the Discharge Clerk does, to one region's page which provided information on the discharge process and the transition assistance identified in Table 1.1. Depending on the region, information could be found on pages about Education, Training and Development; Military Personnel Administration; Resettlement; or Transitions.

**2.21** CSIG has 16 separately maintained intranet sites across Australia, which predominantly act independently of each other. The CSIG On-Line Project, a continuation of the Enable (intranet redevelopment initiative) project instigated by CSIG in June 2002, aims to:

- provide a consistent look and feel, navigation and system of operation across all CSIG sites; and
- ensure information is current, accurate, accessible and relevant at all times.

As yet, the project has not resulted in commonality of information.

**2.22** The ANAO considers that ADF personnel would benefit from being able to access the same information on each CSIG region's page, and via the same navigation process.<sup>44</sup>

## Defence Assisted Study Scheme

**2.23** The DASS, which commenced in April 2001,<sup>45</sup> aims to improve the in-service study opportunities for ADF personnel of all ranks; and support the CTAS, by assisting personnel to undertake courses that will help in their transition to a new career following separation from the ADF.<sup>46</sup>

**2.24** Day-to-day management of DASS is the responsibility of the DASS Manager, located in the Directorate of Education and Training Review. DASS

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<sup>44</sup> As a minimum, information presented on these pages could include information about entitlements, including TMS; information about the discharge process, including issues such as notice periods and when final medical boards are to be conducted; and contact details for Transition Co-ordinators.

<sup>45</sup> The DASS replaces the Defence Force Assisted Study Scheme and the Services Vocational and Educational Training Scheme. Policy and procedures for the operation of DASS are contained in *Defence Instruction (General) Personnel 05-1 Defence Assisted Study Scheme* and the DASS Operating Guidelines.

<sup>46</sup> The DASS comprises three levels of assistance. DASS Level 1 may be used to undertake ADF preferred courses and training with a career development focus; DASS Level 2 for courses relevant to Defence requirements or ADF employment; and DASS Level 3 for short vocational education and training courses relevant to vocational development or for career transition purposes.

applications from Navy and Air Force personnel are approved centrally, while Army applications are approved regionally.

**2.25** The cost to Defence of DASS in 2002–03 was \$2.2 million, of which seven per cent reimbursed personnel, utilising DASS Level 3 for transition purposes. Six per cent of this cost is attributable to Directorate of Education and Training Review administrative costs, and 87 per cent reimbursed personnel, utilising other DASS levels.

**2.26** ADF personnel can use DASS Level 3 to undertake vocationally-oriented training for career transition purposes, and be reimbursed a percentage of approved course-related costs, to a maximum of \$1000 per annum. Following policy changes which came into effect in January 2004, personnel can undertake the following career-transition-oriented training under DASS Level 3:<sup>47</sup>

- vocational education and training courses leading to the award of a statement of attainment or competency, or a qualification, in the range from Certificate Level 1 up to Advanced Diploma, on the National Training Framework;<sup>48</sup>
- vocationally-oriented tertiary courses; or
- short vocational courses which are structured, address specified objectives, and lead to the award of an attendance/completion certificate or a nationally recognised statement of attainment or qualification.

**2.27** DASS Level 3 for career transition is designed to provide some pre-separation training assistance to those ineligible for career transition training under CTAS, and also allow personnel to undertake longer-term preparations for separation. Eligibility ceases once an individual, who has served 12 years or more, applies for discharge as they are eligible for CTAS Level 2 or 3 (see Appendix 3). Those with less than 12 years of service can continue to use DASS until their separation date.

**2.28** Personnel will be reimbursed if 50 per cent of course requirements will be completed before their separation date, with applications for reimbursement to be lodged before separation.

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<sup>47</sup> ADF personnel may also seek reimbursement for assessment leading to recognition of prior learning under DASS Level 3 if no further training is required and ADF certification is not available. Such applications will be considered on a case-by-case basis.

<sup>48</sup> Provided these requirements are met, courses providing outplacement related skills, which may assist personnel gain post-separation employment while not being relevant to their intended occupation, may be approved.

**2.29** During 2002–03, 441 personnel (less than one per cent of the ADF) utilised DASS Level 3 for transition purposes, of whom 80 per cent were ‘other ranks’. Approximately three quarters of those applying for DASS Level 3 for transition purposes completed their course and sought reimbursement.<sup>49</sup> The average reimbursement paid in 2002–03 was less than half of the maximum \$1000 that Defence will reimburse.

## Career Transition Assistance Scheme

**2.30** The CTAS commenced in July 2001, its objectives being to support separating ADF personnel move to suitable civilian employment with the minimum involuntary break in continuity of employment; and assist personnel to make use of skills gained during their ADF career and competitively market themselves for suitable civilian employment. Changes to the CTAS policy, which came into effect in January 2004, have extended the number of ADF personnel able to access CTAS and the range of assistance they can access.

**2.31** The CTAS consists of career assistance, ADF Transition Seminars, the *ADF Transition Handbook* and online career transition information.<sup>50</sup> ADF personnel may use the latter three components at any point in their ADF career.

**2.32** Depending on the type or cost of the service to be accessed, applications may be processed by a Resettlement Officer or passed to the Executive Officer Career Transition Assistance.

**2.33** CTAS is a tiered scheme where access to career assistance is based on length of service and type of separation. Defence considers personnel who have been out of the civilian workforce for longer periods need additional assistance for career transition. Similarly, additional assistance is provided to personnel made redundant or discharging for medical reasons, in recognition that their service has been terminated compulsorily, and often with short notice.<sup>51</sup> Except for approved cases, personnel separating from the ADF for

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<sup>49</sup> Defence has calculated the completion rate as the ratio of the number of claims to the number of applications. The number of reimbursements paid does not equal the number of personnel utilising DASS Level 3 for transition purposes as personnel may not have completed their course of study during the financial year, or may not have sought reimbursement.

<sup>50</sup> Online career transition assistance, which may be accessed by all ADF personnel electronically or by contacting a Resettlement Officer, are a number of online tools and services including the WINWORK CV Wizard, job match software and the Professional Career Search Program, a program addressing outplacement skills.

<sup>51</sup> Eligibility criteria for, and assistance available under, CTAS are presented in Appendix 3.

disciplinary or adverse administrative reasons are not eligible to access career assistance.<sup>52</sup>

**2.34** At a cost of some \$2.33 million to Defence, 2224 ADF members utilised CTAS entitlements (55 per cent of those who were eligible to do so) during 2002–03.<sup>53</sup> Of this cost, nine per cent is attributable to Directorate of Education and Training Review administrative costs, and 91 per cent to payments for CTAS services.

**2.35** Figure 2.2 indicates that, at all CTAS levels, eligible ‘other ranks’ were more inclined to utilise their CTAS entitlement than Officers. Also observable in Figure 2.2 is that medical dischargees had a high usage of CTAS entitlements, as did those personnel who were eligible for Level 3 entitlements.

**2.36** Defence has advanced the following reasons as to why the number of personnel accessing CTAS might be less than the number of personnel separating:

- Members tend to secure employment before submitting their application to resign, therefore not requiring, or becoming ineligible for, CTAS.
- Members may not intend obtaining employment after they leave the ADF.
- The information provided at ADF Transition Seminars may have met the members’ transition needs.
- Some members do not desire or need transition assistance.
- Members might be unaware of available benefits.

**2.37** The ANAO concurs with Defence’s assessment that suitable and sufficient measures have been implemented to ensure members are aware of the provisions available under the CTAS, particularly as an interview with a Resettlement Officer, at which CTAS is discussed, is a standard step in the discharge process. Individuals also have the opportunity to utilise their CTAS entitlement following separation, as those with unused CTAS Level 2 or 3 entitlements on their final day with the ADF now have this entitlement

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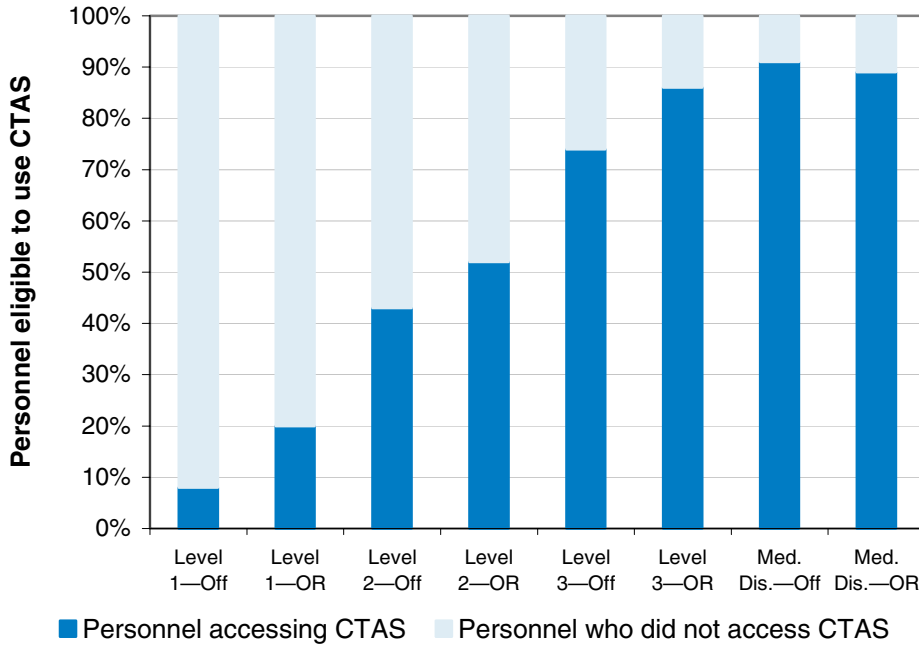
<sup>52</sup> Examples of adverse administrative reasons include where the individual made a false or misleading statement in connection with his or her enlistment; has been absent without leave for a period exceeding three months; has been involved in misconduct of a disciplinary nature; or has had a serious offence proven by a court or Service tribunal.

<sup>53</sup> The number of people accessing CTAS entitlements may be understated as Defence does not collect data on the use of those CTAS services that do not require payment when a member accesses them. ADF personnel eligible for CTAS Level 1, in particular, may have relied on these tools and services due to their ineligibility for those services requiring a payment by Defence.

automatically preserved for 12 months.<sup>54</sup> Prior to January 2004, ADF personnel who wished to defer use of a CTAS component until after their separation date needed to apply to do so.

**Figure 2.2**

**Use of CTAS by eligible ADF personnel 2003–03**



Note: 1) 'Off' is Officers; 'OR' is 'other ranks'; and 'Med. Dis.' is medical discharges.  
 2) CTAS levels are detailed in Table A3.1 in Appendix 3.

Source: ANAO analysis of ANAO analysis of data supplied by the Directorate of Education and Training Review, Department of Defence and Directorate of Personnel Management Information, Department of Defence.

**2.38** The 2002 ADF Exit Survey found that almost 40 per cent of respondents used CTAS. The survey results indicate that:

- Navy personnel were more likely to use CTAS (approximately one in two members) than Army and Air Force personnel (approximately one in three members);

<sup>54</sup> Preserved entitlements must be applied for and used within this 12 month period. Although Defence will pay for the preserved CTAS entitlement, any entitlement to pay, travel, accommodation and associated costs will have ceased.

- personnel with longer periods of services were more likely to use CTAS; and
- 85 per cent of respondents who used CTAS found the training undertaken to be beneficial in their transition to the civilian workforce.

**2.39** Defence is currently unable to analyse the extent to which different groups within the ADF use CTAS components. The Directorate of Education and Training Review advised the ANAO that functional requirements to provide better data collection on the use of the CTAS and DASS, together with reporting mechanisms, are currently being developed in PMKeyS. It is anticipated these functions will be operable from July 2004.

**2.40** Table 2.1 displays the number of ADF personnel who utilised each CTAS level during 2002–03 and what components they used. As can be seen in this Table, CTAS users are not utilising all of the assistance available to them.

**2.41** During 2002–03, there was a relatively low incidence of CV preparation by separating personnel. The highest use occurred by personnel with a Level 2 CTAS entitlement, with Army ‘other ranks’ most likely to have a CV prepared. Career transition training was the CTAS component most likely to be used by personnel at all levels of CTAS entitlement. Even where an entitlement existed to use both career transition training and career transition management coaching (medical dischargees and personnel separating because of Management Initiated Early Retirement/redundancy), the former was preferred. Level 3 users, who had the option of using either of these, demonstrated a decided preference for career transition training. Higher use of career transition management coaching can be observed where separating personnel were able to utilise both entitlements, although there is still a strong tendency to use the latter. Financial counselling was used by some 40 per cent of eligible personnel.<sup>55</sup>

**2.42** Analysis by the ANAO indicates that personnel utilising CTAS used services valued at less than half of the amount they were entitled to.<sup>56</sup>

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<sup>55</sup> Under the policy operational at the time, only personnel separating because of management initiated early retirement or redundancy, and who had completed 12 or more years of service, were entitled to financial counselling.

<sup>56</sup> Based on the services used by personnel at each CTAS level, the ANAO calculates the cost to Defence if personnel had utilised the full value of their entitlement to be \$4 827 105, as opposed to the \$2 112 945 which was actually spent. Entitlements during 2002–03 were CV—\$215; Level 2 CTT—\$1000; Level 3 CTT—\$4000; CTMC—\$2030; and financial counselling—\$400.

**Table 2.1**

**Components of CTAS used by separating ADF members 2002–03**

	Navy		Army		Air Force		ADF	
	Off (%)	OR (%)	Off (%)	OR (%)	Off (%)	OR (%)	Off (%)	OR (%)
<b>Level 2: 309 users</b>								
CV	0.6	3.2	1.0	9.1	3.2	7.4	4.9	19.7
CTT	1.0	11.0	4.2	18.8	5.8	12.9	11.0	42.7
<b>Level 3: 1073 users</b>								
CV	0.7	3.3	1.3	7.8	0.6	5.5	2.5	16.6
CTT	3.2	10.3	6.2	24.5	4.9	13.6	14.3	48.4
CTMC	0.4	0.7	0.9	1.5	0.8	1.2	2.1	3.4
<b>Medical discharges: 544 users</b>								
CV	0.2	0.9	0.0	6.8	0.0	1.5	0.2	9.2
CTT	0.9	15.1	3.5	33.6	0.9	3.9	5.3	52.6
CTMC	0.4	11.2	3.5	19.9	0.2	3.3	4.0	34.4
<b>Management Initiated Early Retirement/ Redundancy: 28 users</b>								
CV	0.0	0.0	3.6	0.0	0.0	7.1	3.6	7.1
CTT	0.0	3.6	14.3	0.0	3.6	46.4	17.9	50.0
CTMC	0.0	3.6	3.6	0.0	0.0	21.4	3.6	25.0
Financial counselling	0.0	0.0	21.4	3.6	0.0	17.9	21.4	21.4

Note: 1) 'Off' is Officers and 'OR' is 'other ranks'.

2) 'CV' is curriculum vitae preparation; 'CTT' is career transition training; and 'CTMC' is career transition management coaching.

Source: ANAO analysis of data supplied by the Directorate of Education and Training Review, Department of Defence.

**2.43** During 2002–03, 1296 eligible personnel utilised some or all of their entitled approved absences. Approved absences tended to be used predominantly:

- by 'other ranks', who made up 82 per cent of users;
- by Army personnel, although Navy personnel with a Level 1 entitlement were the most likely users to have accessed their approved absence days; and
- half of those personnel taking approved absences for transition purposes had a CTAS Level 3 entitlement. Medical discharges were the next most likely group to access this entitlement.



The number of personnel accessing this entitlement in the future may increase as the qualifying period of service has been considerably lowered.<sup>57</sup>

**2.44** Of the actual components of CTAS used by personnel, former ADF personnel who had deferred unused CTAS entitlements utilised 12 per cent of components. Deferred CTAS components tended to be used by:

- former 'other ranks' rather than ex-Officers;
- relatively few ex-Navy personnel; and
- predominantly by individuals who had a Level 3 entitlement (one in two users), followed by individuals who had been medically discharged (one in three).

One in two individuals making use of deferred CTAS entitlement accessed career transition training.

## Removal entitlement

**2.45** On separation from the ADF, personnel are generally eligible for a removal and travel to wherever they wish to live in Australia. Entitlement to a removal exists, where separating personnel will be completing the period of service they were engaged to serve; discharging; retiring upon reaching the compulsory age for retirement; or are retrenched or terminated. Personnel are not entitled to a removal if they are discharged for disciplinary reasons, or have been declared medically unfit due to their own neglect.

**2.46** The Directorate of Housing and Removals Policy is responsible for formulating policy on removals, which is contained in the *ADF Pay and Conditions Manual* (known as PACMAN). Removal services are delivered through the Defence Housing Authority.

**2.47** Of the 23 500 removals undertaken by ADF personnel during 2002–03, some nine per cent (2148) were by personnel leaving the ADF at a cost of some \$12.46 million. Table 2.2 displays the cost of allowances utilised by separating personnel in 2002–03.

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<sup>57</sup> Under the policy applicable during 2002–03, personnel needed to have completed five years of service with the ADF to be eligible to use approved absences. From 1 January 2004, personnel are eligible to access their approved absence entitlement once they have completed their mustering/corps/category training.

**Table 2.2****Cost of removal allowances used by separating personnel 2002–03**

Allowance	Amount (\$)
Allowance for travel on termination of service	2 273 275
Removal on completion of service	8 090 729
Temporary accommodation allowance	See note.
Disturbance allowance	1 959 667
Childcare assistance on removal	198
Reimbursement of expenses for pet relocation	80 389
Loss on sale	2 870
Removals Miscellaneous Costs	53 093
<b>TOTAL</b>	<b>12 460 221</b>

Note: Temporary accommodation allowance for separating personnel could not be distinguished from the cost of temporary accommodation allowance for all posting travel. As the average cost is \$678 per removal, an estimate of temporary accommodation allowance for the 2148 separating personnel who used this allowance would be \$1.46 million. The estimated total cost of removal entitlements used by separating personnel in 2002–03 would be \$13.92 million.

Source: Directorate of Relocations and Housing, Department of Defence.

**2.48** Allowances available to separating personnel to assist in their removal on completion of service are listed in Appendix 3.

## Defence HomeOwner Scheme

**2.49** The Defence HomeOwner Scheme was introduced in 1991 to assist eligible members and ex-members of the ADF purchase their own home. The Defence Housing Authority, on behalf of Defence, administers the scheme in accordance with the *Defence Force (Home Loans Assistance) Act 1990*. Funding for the Scheme is by special appropriation under section 38 of the Act and totalled \$7.4 million for 2002–03.

**2.50** Assistance available under the scheme is by way of a subsidy on the interest of a loan, valued up to \$80 000, made by the National Australia Bank, subject to normal lending criteria, to buy, build, extend or improve a home or re-finance an existing mortgage. The subsidy of 40 per cent of the average monthly interest is payable over the life of a 25 year loan.

**2.51** Personnel who have left the ADF, but meet the eligibility criteria,<sup>58</sup> can apply for an Entitlement Certificate and the subsidy entitlement during the two years following their separation date. Subsidy payments continue until the member's period of entitlement expires or the loan is discharged.

**2.52** Two groups are exempt from the requirement to use their subsidy entitlement within two years of separation. Personnel transferring directly to the Standby or Active Reserve, on separation from the permanent ADF with a break of less than 21 days, have their entitlement preserved.<sup>59</sup> Personnel with a subsidy resulting from operational service in the Middle East, from 2 August 1990 to 9 June 1991, may use their entitlement at any time.

**2.53** The Defence Annual Report notes that, for 2002–03, personnel separating from the permanent ADF or transferring to the Reserves, made up 35 per cent of new subsidy applications.<sup>60</sup>

## Home Purchase or Sale Expenses Allowance on termination of service

**2.54** Defence provides assistance to members to purchase an initial home in Australia for use as a residence (the Home Purchase Assistance Scheme). When this home is sold, and subsequent homes purchased, members may be reimbursed for reasonably incurred expenses.<sup>61</sup> This reimbursement occurs under the Home Purchase or Sale Expenses Allowance (HPSEA), which is administered by the Directorate of Entitlements. Defence incurred costs of some \$790 000 for payment of HPSEA to separating personnel in 2002–03.

**2.55** Personnel separating from the ADF are eligible to receive HPSEA for the sale of a home in the locality where they meet relevant ADF service conditions. Following separation from the ADF, a former member is not eligible to receive HPSEA or the Home Purchase Assistance Scheme when purchasing a home.

**2.56** Table 2.3 shows that only a small number of separating personnel obtained HPSEA during 2002–03. The amount of HPSEA paid to separating personnel, together with the range of payments to individuals, is also shown in this Table.

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<sup>58</sup> Eligibility criteria for, and assistance available under, the Defence HomeOwner Scheme are presented in Appendix 3.

<sup>59</sup> Service in the Active Reserves may increase the entitlement.

<sup>60</sup> *Defence Annual Report 2002–03*, 2003, p.440.

<sup>61</sup> Reasonably incurred expenses are specified in PACMAN and include expenses such as commission, fees or advertising expenses of an agent or auctioneer who is engaged to sell, and who sells, the home.

**Table 2.3****Use and cost of HPSEA by separating personnel 2002–03**

	No. payments	Total payments (\$)	Range of Payments (\$)
Navy	29	239 169	2 045 — 19 569
Army	24	188 398	3 465 — 12 548
Air Force	44	362 009	796 — 17 001
<b>ADF</b>	<b>97</b>	<b>789 577</b>	<b>796 — 19 569</b>

Source: Directorate of Entitlements, Department of Defence.

**Transition assistance for Star ranked Officers**

2.57 *CDF* [Chief of the Defence Force] *Policy Directive—Number 29: Senior Officer Management* states that, because of the loss of the ‘job-for-life’ concept, no member of the senior leadership group can expect to have an automatic right to serve until they reach the compulsory retirement age and, consequently, most will be required to leave the ADF before they do so.<sup>62</sup> In recognition of this, Defence has introduced a transition management plan to manage the separation from the ADF of senior leadership group members and their subsequent transition to civilian employment or retirement.

2.58 The Directorate of Senior Officer Management manages transition assistance for Star ranked Officers. The assistance available, together with eligibility requirements, is outlined in Appendix 3.

2.59 Transition assistance for Star ranked Officers cost Defence \$321 331 in 2002–03, comprising financial planning advice—\$14 125; outplacement services—\$281 020; and training—\$26 186 (see Table 2.4).

<sup>62</sup> *CDF Policy Directive—Number 29: Senior Officer Management*, 2002, pp.2 and 4.

**Table 2.4****Use and cost of transition assistance provided to Star ranks 2002–03**

	Financial advice		Outplacement assistance		Transition training	
	Cost	No. users	Cost	No. users	Cost	No. users
	(\$)		(\$)		(\$)	
Navy	4 675	3	103 085	10	855	1
Army	9 450	6	100 570	14	24 231	5
Air Force	-	-	77 365	9	1 100	2
<b>ADF</b>	<b>14 125</b>	<b>9</b>	<b>281 020</b>	<b>33</b>	<b>26 186</b>	<b>8</b>

Source: Directorate of Senior Officer Management, Department of Defence.

## Reporting on transition assistance

**2.60** The ANAO was advised that Defence does not formally measure or monitor the five themes underpinning Defence's people capability policies and initiatives. The themes are, instead, seen as informing the People Matter Priorities, which are detailed in Defence's Portfolio Budget Statements and reported on in Defence's Annual Report. The People Matter Priorities for 2002–03 and 2003–04, do not contain any activities related to the transition of ADF personnel to civilian life.

**2.61** Assistant Secretary Personnel Services, as the technical authority, is responsible for reporting to senior management on all aspects of transition management and for developing key performance indicators, which are agreed between CSIG and the Services through Customer Service Agreements.<sup>63</sup> The ANAO found that only the Air Force Customer Service Agreement included performance requirements related to transition assistance; specifically, the provision of administrative support and advice to separating personnel. The ANAO was unable to obtain any detail of the information provided to meet the specified reporting requirement.

**2.62** With the exception of reporting by the Services Education Co-ordination Committee on expenditure on the different levels of DASS support and the number of personnel sponsored at each level across the three

<sup>63</sup> Customer Service Agreements are made between Deputy Secretary Corporate Services and the respective Service Chief for the provision of products and services by CSIG to each Service.

Services,<sup>64</sup> the ANAO was unable to find any aggregate reporting on transition assistance provided to separating ADF personnel.

**2.63** Reporting of the status of transition management programs would be enhanced with regular reporting to a senior Defence Committee. The Personnel Steering Group assists the Defence People Committee with strategic people issues and is considered an appropriate sub-committee for overall monitoring of transition management initiatives.<sup>65</sup> In turn, the Defence People Committee makes recommendations, on strategic people issues to the Defence Committee and the Defence Capability and Investment Committee.

## Recommendation No. 1

**2.64** The ANAO recommends that:

- (a) Defence incorporate reporting on transition assistance in future Customer Service Agreements between Corporate Services and Infrastructure Group and the Services; and
- (b) the Personnel Steering Group, as a sub-committee of the Defence People Committee, should be responsible for monitoring and reporting on the provision of transition assistance to separating ADF personnel.

*Agencies responded to the recommendation as follows:*

**2.65** Defence and DVA agreed with the recommendation. DVA advised the ANAO that:

Quarterly reports on the operation of the Transition Management Service (TMS) are provided to the TMS Management Committee to enable monitoring of provision of transition services.

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<sup>64</sup> The Committee consists of DASS and CTAS representatives nominated by the Service Training Commands, the DASS Manager and the Executive Officer Career Transition Assistance. The Committee oversees the DASS and has a role in developing policy and process for the CTAS to ensure that the CTAS and the DASS are mutually supportive, consistent and achieve optimal value for money.

<sup>65</sup> Among the roles of the Personnel Steering Group that are relevant to transition management issues are:

- monitoring Defence organisational health from a people perspective and alerting the Defence People Committee to significant issues;
- taking routine reports and action on critical/topical people issues; and
- regularly reporting its activities and outcomes to the Defence People Committee.

## 3. Transition assistance provided by the Department of Veterans' Affairs

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*This chapter outlines use of the TMS, available to medical dischargees, and discusses the trial of a new transition assistance scheme in Townsville.*

### Transition Management Service

**3.1** The TMS was implemented as a trial in late November 2000 and rolled out nationally in March 2001. DVA, on behalf of Defence, has been responsible for providing additional assistance through the TMS to personnel separating from the ADF. The TMS Service Level Agreement notes that the intent of the TMS is to ensure that ADF personnel who are discharged on medical grounds, and their families, experience successful transition to civilian life. This implies access to the full range of services and information available to them on which to base informed decision-making.<sup>66</sup> The TMS was established as an initiative under the Links Project.

**3.2** The TMS Service Level Agreement establishes that, from July 2003, \$650 000 will be paid annually to DVA by Defence for the duration of the agreement.<sup>67</sup> This payment is based on the management of 600 cases annually.<sup>68</sup> A provision within the Agreement allows for the monthly account to be adjusted in line with variations in the actual number of cases managed, with case numbers and payments to be reviewed every six months. Despite this specification, there is no definition in the TMS Service Level Agreement as to what constitutes a 'case'. The ANAO was advised in March 2004 that agreement was reached by the TMS Management Committee that,<sup>69</sup> for the purposes of the Service Level Agreement, the payment would be based on the number of Transition Action Plans raised over a financial year.

**3.3** Twenty-two DVA personnel are responsible for providing TMS,<sup>70</sup> 82 per cent of whom also deliver MCRS, although ADF personnel do not receive TMS and MCRS case management from the same person. In addition to

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<sup>66</sup> *Transition Management Service (TMS) Service Level Agreement between the Department of Defence (Defence) (Purchaser) and the Department of Veterans' Affairs (DVA) (Provider)*, clause 2.1.3.

<sup>67</sup> The TMS Service Level Agreement is effective until 31 December 2005. The Agreement specifies that monthly payments are to be made no later than the first working day of the next month.

<sup>68</sup> The Service Level Agreement specifies that the price of \$750 per case will apply when the number of cases per annum is between 500 and 1000.

<sup>69</sup> The TMS Management Committee consists of members from both Defence and DVA.

<sup>70</sup> The TMS is co-ordinated centrally in DVA's National Office in Canberra. TMS Co-ordinators are located in each capital city and Townsville. Co-ordinators tend not to have served with the ADF.

providing services through DVA offices, TMS Co-ordinators may visit major bases and, in special circumstances, ADF personnel in hospital or at their home.

**3.4** Unlike CTAS, TMS is not dependent on length of service, with the same services available to all users. Participation in the TMS is optional and is provided in addition to other transition assistance.

**3.5** Full-time serving members of the ADF are eligible to access the TMS when:<sup>71</sup>

- there is a possibility they may be medically discharged. This occurs when a member is advised by Defence Health Services that a recommendation may be, or has been, made that they be classified as Medical Employment Classification (MEC) 4;<sup>72</sup> or
- a member has been advised that the Medical Employment Classification Review Board (MECRB)<sup>73</sup> has recommended they be medically discharged.<sup>74</sup>

**3.6** Figure 3.1 outlines the process a member goes through leading to a decision they be medically discharged. Alternatively, following consideration by a MECRB a member, may be:

- reclassified to another MEC;
- reallocated to another military occupation if medically fit for that occupation, also known as a 'trade transfer'; or
- granted a 'critical skills waiver' by their Service Chief for a specified time period if they possess special skills which are in short supply.<sup>75</sup> At the end of this period the member will be medically discharged.

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<sup>71</sup> 'Full-time serving members' are members of the permanent ADF and Reservists completing continuous full-time service.

<sup>72</sup> The MEC is a representation of the member's medical fitness to undertake military duties required while on deployment or at sea. There are four levels of classification. Personnel classified as MEC 4 are deemed to be medically unfit for deployment or seagoing service in the long-term. The Director-General Defence Health Service's *Health Directive No 236: Medical Employment Classification Procedures* notes that the application of Medical Employment Classifications is not consistent across the ADF. A condition may lead to personnel being ruled medically unfit in one occupation while still being medically fit for a different military occupation.

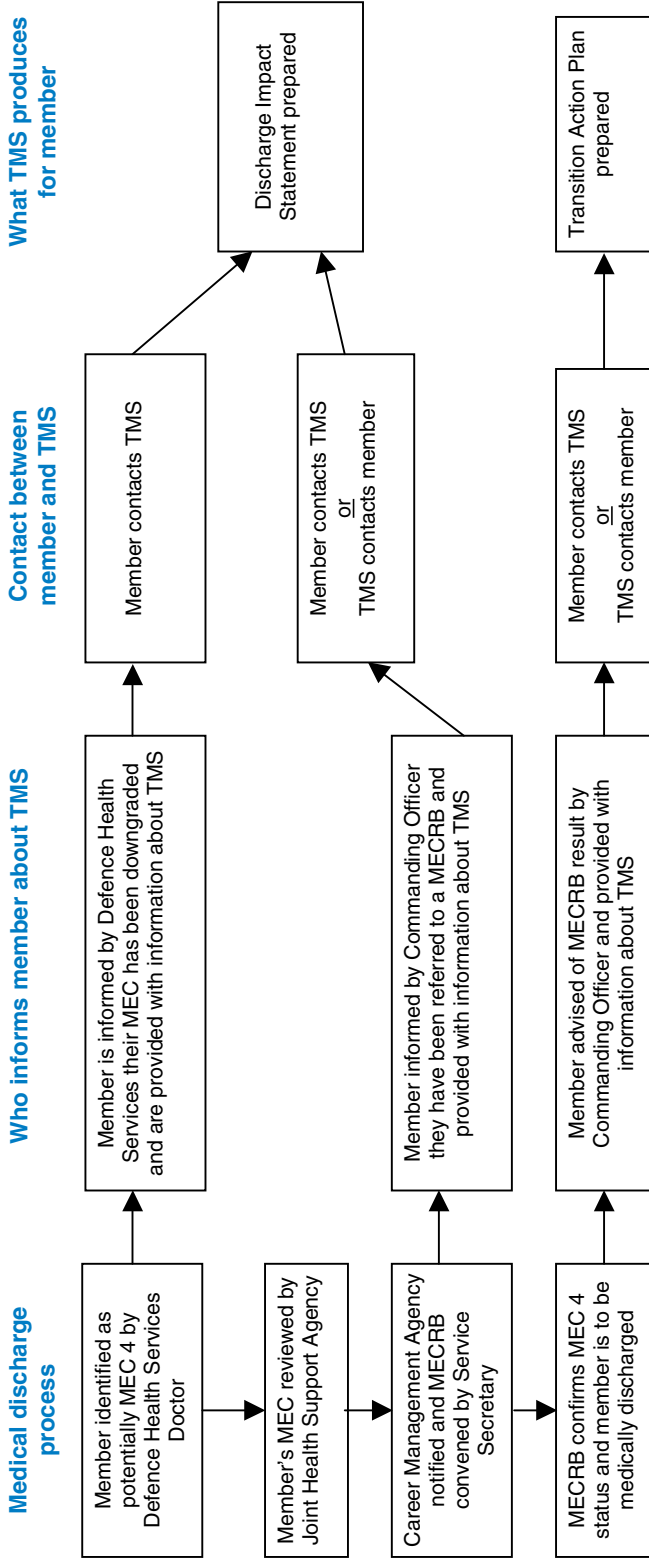
<sup>73</sup> Each Career Management Agency operates its own MECRB.

<sup>74</sup> The notice period for medical discharges is usually three to four months and may be subject to some negotiation between the member and their Career Management Agency. TMS services cease on an individual's last day as a member of the ADF.

<sup>75</sup> A critical skills waiver could, for example, be granted because the member possesses skills in a particular language.



**Figure 3.1**  
**Medical discharge process and TMS**



Note: Personnel could also be informed about TMS by their Commanding Officer or Transition Co-ordinator following issue of the discharge notice.

Source: *Defence Instruction (General) Administration 60-1 Australian Defence Force Separation Administration Procedures*.

DVA, Transition Management Service Operational Procedures, 2003.

**3.7** The point in the discharge process where personnel are informed about TMS affects the services they are able to access. As noted in Appendix 1, Defence is responsible for informing members of the assistance available through TMS. Figure 3.1 indicates the points in the medical discharge process where personnel are informed about the TMS and the services they can subsequently access.

**3.8** The major services provided by TMS are preparation of Discharge Impact Statements and Transition Action Plans. Definitions of what these documents are and what their purpose is was not included in the TMS Service Level Agreement or the TMS Operational Procedures. The latter includes a pro forma Statement and Plan, and notes that a Discharge Impact Statement is the tangible outcome of a preliminary assessment of a Member's individual needs, following advice the member wishes to use TMS. A Transition Action Plan is noted as being the tangible outcome of an assessment of the Member's needs, following receipt by TMS of an individual's discharge notification. The ANAO has been advised by DVA that, as part of an on-going review of the TMS Operational Procedures, work will be undertaken to ensure there are clear definitions of what constitutes a Discharge Impact Statement and a Transition Action Plan.

**3.9** Template documents are used by five of the six Career Management Agencies to inform a member's Commanding Officer or unit that the member's case is to be considered by a MECRB.<sup>76</sup> The information provided to ADF personnel differs by Career Management Agency. Correspondence sent by Navy and Air Force Career Management Agencies state that Commanding Officer's are to advise members that:

- TMS is an optional service provided by DVA to personnel who are to be considered by a MECRB for termination of service based on invalidity grounds;
- TMS will prepare an impact assessment report which may be considered by the MECRB in setting a termination date and can provide assistance in developing the Member's Health Statement; and
- the TMS can be contacted on a toll free phone number.

The Directorate of Naval Officers Postings also sends a copy of the correspondence to the Officer in question. Correspondence sent by the Soldier Career Management Agency informs the member's Commanding Officer the member will be contacted by TMS to prepare a Discharge Impact Statement and provides contact details for TMS.

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<sup>76</sup> The documents may take the form of letters, minutes or signals.

**3.10** Army Officers, whose case is to be considered by a MECRB, are to be advised by their Career Adviser, located in the Directorate of Officer Career Management—Army, that TMS is an optional service provided by DVA, which supplies information and counselling. Career Advisers also provide contact details for TMS and inform members TMS will contact them about preparing a Discharge Impact Statement for consideration at the MECRB.

**3.11** After receiving information about TMS from Defence Health Services or their Commanding Officer, personnel may initiate contact with TMS, recorded by TMS as a 'self-referral'. Alternatively, personnel may wait until they are contacted by TMS. TMS initiates contact with personnel after receiving notification from the MECRB Secretariat that a member's case is to be considered at a MECRB,<sup>77</sup> recorded by TMS as a 'notice of intent'.

**3.12** Concerns have been expressed that personnel are not informed about TMS on being first advised they have been downgraded to MEC 4. Assistant Secretary Personnel Services wrote to Director Joint Health Support Agency in June 2003 asking that medical officers be reminded of their responsibilities to advise personnel about TMS. The ANAO found that, in 2002–03, 47 per cent of new TMS users<sup>78</sup> self-referred and 49 per cent used TMS following contact initiated by TMS after receipt of a notice of intent.<sup>79</sup> Consequently, the majority of new users had opportunities to use the full range of services provided by TMS and did so, as outlined in Appendix 4.

**3.13** A Discharge Impact Statement is prepared for consideration at a MECRB, and may be used by the Directorate of Entitlements representative to identify which superannuation scheme a member belongs to.<sup>80</sup> DVA has advised the ANAO it will discuss with the Career Management Agencies the usefulness or otherwise of Discharge Impact Statements, and whether there is

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<sup>77</sup> The Career Management Agencies copy correspondence sent to a member's Commanding Officer that a member's case is to be considered at a MECRB to the TMS or provide a list of the personnel whose case is to be considered by a MECRB.

<sup>78</sup> 'New' TMS users are those whose cases commenced between 1 July 2002 and 30 June 2003.

<sup>79</sup> Navy and Army 'other ranks' have a higher percentage of self-referrals than Officers in those Services, while the reverse is true for Air Force.

<sup>80</sup> The role of the Directorate of Entitlements representative at a MECRB is to provide advice on compensation, superannuation and invalidity potential, and the applicability of veteran's disability pension benefits. As a complementary service to the TMS, the Directorate may assist with the provision of separation support guidance to military groups and to individuals suffering injuries resulting from operational deployment. In special cases, this may extend to post separation management of former personnel. In general, the Directorate is responsible for providing policy interpretation, guidance and implementation in relation to financial and related conditions of service for ADF personnel within Australia.

scope to modify the Member's Health Statement to contain relevant information currently collected by the former.<sup>81</sup>

**3.14** Where a member declines assistance from TMS, or cannot be contacted, the TMS Operating Procedures state that an appropriately endorsed Discharge Impact Statement must still be sent to the MECRB.

**3.15** During 2002–03, 726 Discharge Impact Statements were prepared.<sup>82</sup>

**3.16** The first contact personnel have with TMS may not occur until after TMS receives advice that a member will be medically discharged as a result of the member's MEC being upheld as MEC 4. TMS records this as a 'discharge authority'. During 2002–03, four per cent of personnel using TMS did so following TMS initiating contact on receipt of a discharge authority (see Figure A4.1 in Appendix 4).

**3.17** In July 2003, Assistant Secretary Personnel Services wrote to the Directors-General for Personnel for each Service, asking that MECRB Secretariats be requested to advise the DVA TMS National Co-ordinator of MEC 4 decisions, as soon as practicable. Separate correspondence on the decisions reached by MECRBs is sent to the member concerned and the member's Commanding Officer. The ANAO found TMS is supplied with copies of the latter correspondence.

**3.18** Personnel may also self-refer to TMS based on the information contained in this correspondence. Information provided by Navy and Army Career Management Agencies indicates that TMS is an optional service provided by DVA, outlines the general assistance that TMS offers, encourages the member to use TMS and provides contact details. Correspondence sent to Commanding Officers requests the member be advised of this information. Air Force correspondence sent to Commanding Officers indicates that it is the responsibility of the Administrative Officer to advise the member about TMS. Air Force personnel, as well as being provided with the same information about TMS as Navy and Army personnel, are also provided with general information about CTAS entitlements.

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<sup>81</sup> The Member's Health Statement is one document considered by the MECRB in making their decision, other documents are the Medical Summary and Workplace Disability Report. In the Member's Health Statement, personnel outline their understanding and views on the effects of their medical condition on their ability to undertake their military duties, including any comments they may wish to make on their medical and administrative management. Where this is not supplied, members are to provide a statement confirming that they have been counselled regarding the requirement for a Member's Health Statement and do not wish to provide one. TMS Co-ordinators can assist members in preparing this Health Statement.

<sup>82</sup> Analysis of available TMS data does not allow the ANAO to distinguish what proportion of these were prepared after TMS was unable to make contact with the member.

**3.19** The ANAO did not find any reference to Transition Action Plans in the correspondence sent by the Career Management Agencies following the MEACRB's decision.

**3.20** Following the MEACRB's decision, the TMS will assist personnel who have been notified they are to be medically discharged to prepare a Transition Action Plan. Recent discussions between Defence and DVA have resulted in agreement that creation of the Transition Action Plan can commence prior to the MEACRB decision if the member is comfortable with this. A Transition Action Plan could, therefore, be produced as the result of any communication between a member and TMS. As Defence wants all potential medical discharges to be given the advantages of accessing TMS fully at the earliest possible date, early creation of a Transition Action Plan will allow:

- early contemplation by the member of issues that might be impacted by a medical discharge;
- encouragement of the member to submit claims under the relevant legislation at an early date if they have not already done so;<sup>83</sup> and
- consideration by the member of using DASS to prepare for a possible career outside of the ADF.

**3.21** In the course of identifying activities to be completed in the Transition Action Plan, TMS Co-ordinators provide personnel with information, and may provide counselling, about entitlements to compensation, financial planning, vocational counselling, job seeking, transition adjustment and post-discharge health plans. To assist with this task, a TMS Transition Action Plan Resource Kit for provision to personnel who are, or may be, medically discharged, was distributed to TMS Co-ordinators in June 2004.

**3.22** Nearly half of those personnel who self-referred to TMS, and around one-third of those using TMS following receipt of a notice of intent, did not have their case considered by a MEACRB during 2002–03. In part, this may be attributable to the length of time it can take from when a member is informed by Defence Health Services their MEC has been downgraded and when the member's case is considered by a MEACRB. Two positions in Joint Health Support Agency are responsible for providing clinical advice to Career Management Agencies for MEACRB purposes, with this identified as being their most time consuming duty. However, only one position is currently filled, resulting in a backlog of cases to be reviewed prior to MEACRB consideration. Cases for review are prioritised by each Career Management Agency.

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<sup>83</sup> The relevant legislation that members submit claims under are the *Safety Rehabilitation and Compensation Act 1988*, the *Military Rehabilitation and Compensation Act 2004* and the *Veterans' Entitlements Act 1986*.

**3.23** Of those personnel whose cases were considered by a MECRB during 2002–03, two-thirds chose to use TMS (see Figure A4.2 in Appendix 4). A majority of personnel who were medically discharged following consideration by a MECRB during 2002–03 used TMS, with most undertaking preparation of a Transition Action Plan. Defence considers that some eligible ADF members may not use TMS as they are comfortable with exiting the ADF and do not consider they require further assistance. In October 2003, DVA resolved to investigate further why eligible personnel may not utilise TMS, by inquiring as to the reasons behind their decision.

**3.24** The TMS prepared 594 Transition Action Plans during 2002–03. The TMS aims to have the Plan prepared at least 30 days before the member's final day as an ADF member. Performance information prepared by DVA indicates that 93 per cent of Transition Action Plans meet this timeliness requirement.

**3.25** DVA has advised the ANAO of plans to discuss with the Career Management Agencies how it is notified about actual and potential medical discharges, with the goal of maximising the period of time it has to assist ADF personnel. DVA considers that failure to receive notification within appropriate time frames makes it virtually impossible to deliver the services specified in the TMS Service Level Agreement. This is of particular concern to DVA given the requirement under section 64 of the Military Rehabilitation and Compensation Act for Service Chiefs to appoint a Case Manager for potential medical discharges.

**3.26** DVA and Defence have informed the ANAO they will seek to standardise, as much as possible, the advice given to ADF personnel by the Career Management Agencies, with Defence willing to provide additional information to individuals as required.

## **General information about TMS**

**3.27** General information provided by Defence about TMS varies considerably, with the information provided generally limited to an explanation that TMS is provided by DVA for medical discharges and contact details for TMS. None of the mechanisms examined by the ANAO outline what the purpose of a Discharge Impact Statement or Transition Action Plan is, or how a member can benefit from the preparation of these documents.<sup>84</sup> A presentation on the role of TMS and the services available to personnel separating for medical reasons, is a mandatory topic for inclusion at ADF Transition Seminars.

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<sup>84</sup> The ANAO examined the *ADF Transition Handbook*; *Defence Instruction (General) Administration 60–1 Australian Defence Force Separation Administration Procedures*; *Career Transition Assistance Scheme* at <http://www.defence.gov.au/dpe/dpectap/>; and *Member's Guide to ADF Pay & Conditions of Service*.

**3.28** Despite DVA providing the TMS, the DVA website contains little information on the service. The 'Transition Management' webpage was written in 2000 (before the national rollout of the TMS), and provides a basic description of the Service. The only contact details provided are an email address through which to obtain information on the 'Transition Management Project'.

**3.29** A fact sheet on the TMS can be found via the 'DVA Facts' link on DVA's home page. The fact sheet notes that, among the services provided by the TMS are the preparation of a Discharge Impact Statement, prior to MEACRB consideration, and a Transition Action Plan post-consideration. However, no explanations are given as to what these documents are, why they are prepared, or how members can benefit from their preparation. Fact sheets on medical discharge and vocational rehabilitation include basic information on the TMS and refer the reader to the TMS fact sheet for further detail. The ANAO notes that following discussion with DVA, a link has now been included on the Transition Management webpage to the TMS fact sheet.

**3.30** The TMS brochure, available from TMS Co-ordinators, summarises information provided in DVA's TMS fact sheet, including the preparation, but no explanation, of Discharge Impact Statements and Transition Action Plans. The brochure indicates that further information is available from the TMS toll free telephone number, the DVA website, and the Career Transition Assistance Package available on Defweb.<sup>85</sup>

## **Reporting on the TMS**

**3.31** Formal reporting requirements contained in the TMS Service Level Agreement are essentially quantitative in nature. The requirements specify a range of data to be included in quarterly reports, together with five performance measures and their performance targets. These requirements do not measure whether DVA is meeting all of its responsibilities for invalidity discharges, as specified in the Defence Instruction on ADF separation administration procedures.

**3.32** Defence has advised the ANAO it is planning to review the current Defence Instruction by December 2004, and will seek to incorporate the performance measures specified in the TMS Service Level Agreement.

## **Defence Transition Scheme**

**3.33** Under the auspices of the Links Project, Defence and DVA are trialling the provision of extra support to separating personnel by seeking to add value

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<sup>85</sup> These web pages are discussed in Chapter 2.

to the standard ADF transition processes. The 12 month pilot of the Defence Transition Scheme (DTS) commenced with the signing of a Service Level Agreement between Defence and DVA on 5 November 2003. The pilot is being conducted in Townsville with services provided to Army and Air Force personnel separating in the region.<sup>86</sup>

**3.34** The ANAO was advised that Townsville was selected as the location for the trial as it has the largest separation rate for junior ADF personnel. Such personnel have been determined to be most likely to need, and to be more receptive to, external assistance. In addition, a strong working relationship already existed between Defence and DVA staff involved in providing transition assistance in this region.

**3.35** Concerns have been expressed to the ANAO that Townsville may not be the best location in which to conduct a pilot, as the non-inclusion of Navy personnel means the appropriateness of DTS for all three Services cannot be judged. Further, the pilot does not reflect that both Resettlement Officers and TMS Co-ordinators travel to provide services to separating personnel. As such, a realistic assessment of the provision and potential cost of services may not be gained. The ANAO has been advised the inclusion of Cairns in the pilot, so as to incorporate Navy personnel, was not pursued given the relative value of the DTS Co-ordinator travelling to Cairns where the number of separating personnel was expected to be low. DVA has advised that the inclusion of Navy personnel will be considered in any expansion of the DTS, which the Links Board will consider in 2005.

**3.36** DVA is delivering the DTS pilot on behalf of Defence. No fee is payable during the pilot, although it is anticipated a fee would be payable by Defence if the services provided in the pilot were made available to all separating personnel.<sup>87</sup> DVA currently supplies the DTS Co-ordinator and Defence the necessary facilities.

**3.37** The Transition Co-ordinators refer separating personnel to the DTS Co-ordinator, who spends four days each week at Lavarack Barracks and a half-day at RAAF Townsville.

**3.38** Services provided by the DVA DTS Co-ordinator to separating personnel under the pilot include practical assistance to identify information and services available to support individual's transition from full-time service.

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<sup>86</sup> DTS will be offered to personnel based at Lavarack Barracks and RAAF Townsville, as well as any personnel separating in the Townsville area. DTS is available to members separating voluntarily or involuntarily.

<sup>87</sup> Data is currently being collected by the DTS Co-ordinator on the amount of time spent with individuals so as to gain an idea of the complexity of cases and which aspects of transition management are the most time consuming and difficult.



This occurs through interviews and creation of individual Transition Action Plans. The pilot also offers well-being assistance, focussing on the physical and mental effects of transition and how these can be managed, through the Stepping Out Program.

## **DTS Transition Action Plans**

**3.39** Based on analysis of the template used to construct the DTS Transition Action Plan, the ANAO found there is considerable overlap with the discussion of entitlements which occurs at a member's interview with a Transition Co-ordinator. Many of the remaining issues are covered in presentations made at ADF Transition Seminars. As such, Defence could usefully consider whether it is necessary to offer this service to all separating ADF personnel. Given that the DTS Transition Action Plan is fundamentally the same as that used by the TMS for medical dischargees, Defence could consider whether this element of the DTS pilot would be more appropriately targeted at those personnel unable to attend an ADF Transition Seminar or separating with short notice.

## **Stepping Out Program**

**3.40** The Stepping Out Program is a new transition counselling program conducted by the Vietnam Veterans Counselling Service.<sup>88</sup> The primary aim of the program is to provide specific introductory education about relevant issues for personnel separating from the ADF and their partners, and for whom the prospective change in lifestyle presents concern, worry or stress. Sessions are conducted during the program on changing from a military to civilian culture, health and well-being, interpersonal skills and planning skills.

**3.41** The ANAO observed that there is some overlap between material covered in the health and well-being session and the ADF Transition Seminar session on 'Keys to a Successful Transition'. This session, to be presented by a Psychologist or Social Worker, is to discuss the pre-disposing factors to stress and how to avoid them; how transition plans affect dependants; how to cope as a family; stress management techniques; and where to go to for help. However, other sessions conducted as part of the Stepping Out Program are not covered during the ADF Transition Seminars.

**3.42** Individuals can independently seek guidance on the topics covered as part of the Stepping Out Program from the Defence Community Organisation.<sup>89</sup> A separating member's family may seek support from the

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<sup>88</sup> The Vietnam Veterans Counselling Service is part of the Health Division of DVA.

<sup>89</sup> The Defence Community Organisation provides a comprehensive range of social work, family liaison, educational liaison support services and related programs, including projects and research, that enhance the well-being of ADF personnel, their families and communities.

Organisation. However, the ANAO was advised it is not directly involved in providing transition assistance.

**3.43** Based on these considerations, the ANAO considers that the Stepping Out Program provides information that may not be easily accessible to ADF personnel and, as such, is likely to add value to the standard ADF transition process.

### **Evaluation of the pilot**

**3.44** The DTS Management Committee is responsible for providing an evaluation report to the Links Project Review Board with recommendations for the future of the DTS. The DTS Service Level Agreement specifies that evaluation of the pilot will be based on monthly reports provided by the DTS Co-ordinator and the Working Committee; performance measures; and an evaluation framework comprising:

- an attitudinal study of staff working in and near the DTS project;
- an attitudinal study of DTS customers;
- demographic data on participants, including spouses who attend the Stepping Out Program; and
- an evaluation of the Stepping Out Program.

**3.45** In addition, the DTS Management Committee is responsible for overseeing a business process review to commence 10 months after the start of the pilot. The aims of this review will be to:

- provide a full evaluation of the pilot in order to ascertain the degree of the pilot's success;
- consider the feasibility of continuing the program in Townsville; and
- provide guidance to the Links Project Review Board on the possibility of a national roll out of the DTS.

**3.46** DVA advised the ANAO in June 2004 that no consideration is being given to using an independent body to evaluate the DTS pilot.

**3.47** As the purpose of the DTS pilot is to add value to standard ADF transition processes, the ANAO considers that a useful basis for evaluation would be a comparison between the services provided under the pilot and those services offered as part of the process provided by ADF Transition Centres. In doing this, it may be necessary for Defence to compare the services offered by different Centres in order to determine a baseline case.

## Recommendation No. 2

3.48 The ANAO recommends that Defence, in evaluating the Defence Transition Scheme pilot, explicitly compare the Scheme against the baseline case of the general ADF transition process provided by Transition Centres to assess value for money, prior to any national roll-out.

*Agencies responded to the recommendation as follows:*

3.49 Defence and DVA agreed with the recommendation. Defence advised that, in collaboration with DVA, it has commenced a review of DTS with a report, findings and recommendations presented to the Links Project Review Board in July 2004. DVA advised that:

DVA supports the thrust of the recommendation to explicitly include value for money as part of the DTS pilot evaluation. As indicated in this report at paragraph 3.47, at present no baseline case exists to enable the comparison. DVA and Defence jointly chair the DTS Management Committee responsible for the DTS pilot and have jointly developed and agreed on evaluation criteria for the Scheme, which includes value for money aspects.

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Canberra ACT  
25 August 2004

P. J. Barrett  
Auditor-General



# Appendices



# Appendix 1: Responsibilities associated with transition assistance

Holder of responsibility	Responsibilities
<b>Non-medical discharges</b>	
Department of Defence	<ul style="list-style-type: none"> <li>● Providing discharge administration and relevant advice, including entitlements (e.g. relocation, resettlement training, travel) and referrals for information (e.g. ComSuper, TMS).</li> <li>● Training, education and communication in relation to discharge administration.</li> <li>● Maintaining information provided by Defence for members.</li> <li>● Evaluating the services provided to discharging members.</li> </ul>
Transition Co-ordinator	<ul style="list-style-type: none"> <li>● Contacting the member for an initial interview once the discharge notice has been received in the discharge cell.</li> <li>● Ensuring that members have accurate information on, and access to, all entitlements.</li> <li>● Providing a total service and minimising, where possible, 'handovers' from one administration area to another.</li> <li>● Confirming arrangements for transfer to the Reserves, if appropriate.</li> <li>● Liaising with DVA and other providers (e.g. pay cell, relocations cell etc) as required.</li> <li>● Ensuring that the member leaves with a sense of dignity and recognition.</li> </ul>
Member's unit	<ul style="list-style-type: none"> <li>● Ensuring that members are aware of their entitlements to Discharge Transition training.</li> <li>● Officially representing the ADF organisation in recognising and acknowledging the discharging member for their contribution to the Service.</li> <li>● For Air Force personnel, informing members of their obligation (if enlisted post 1 January 1996) to serve in the General Reserve and of the potential to then transfer to another area of Reserve service.</li> </ul>

Holder of responsibility	Responsibilities
Discharging member	<ul style="list-style-type: none"> <li>● Contact their regional ADF Transition Centre as soon as possible after receipt of their discharge advice, enabling the arrangement of an interview with the regional Transition Co-ordinator to discuss and plan for a smooth transition into civilian life.</li> <li>● To contact the Regional Education Officer/Resettlement Officer for advice and assistance regarding entitlements.</li> </ul>
<b>Additional responsibilities associated with medical discharges</b>	
Department of Defence	<ul style="list-style-type: none"> <li>● Notifying a member being discharged on medical grounds of the assistance available through the DVA TMS.</li> </ul>
Department of Veterans' Affairs	<ul style="list-style-type: none"> <li>● Acceptance of notification from Defence that the MECRB is to consider, or has confirmed, a member's MEC as MEC 4.</li> <li>● Initial assessment and preparation of a Discharge Impact Statement. This report is to be provided to the MECRB within 28 days of receipt of notification that a member's MEC is to be considered by the Board.</li> <li>● Following confirmation of the member's discharge on invalidity grounds, review of member's requirements and preparation of the member's Action Plan and check list.</li> <li>● Information, counselling and/or referral, dealing with matters including entitlements to compensation, financial planning, vocational counselling, job seeking, transition adjustment and post discharge health plan.</li> <li>● Assistance to the member in finalising documentation for post discharge entitlements and benefits if required.</li> <li>● Assistance with military discharge administration, where it is clear the dischargee requires substantial assistance to do so.</li> <li>● Handover to post discharge providers.</li> <li>● Evaluation of outcomes of the TMS for the member.</li> <li>● Preparation of the Final Case Report. This will summarise the status of each client on completion of the TMS role.</li> </ul>

Note: The medical discharge process is discussed in Chapter 3.

Source: *Defence Instruction (General) Administration 60-1 Australian Defence Force Separation Administration Procedures.*

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## Appendix 2: Locations of Resettlement Officers and ADF Transition Centres

### 1. Resettlement Officers are located at:

- Sydney;
- HMAS Albatross;
- Hobart;
- Cairns;
- Fleet Base West;
- HMAS Cerberus;
- Melbourne;
- Salisbury;
- RAAF Base Williamtown;
- Riverina Murray Valley;
- RAAF Base Wagga Wagga;
- RAAF Base Townsville.
- RAAF Base Richmond;
- Brisbane;
- Townsville South;
- Perth;
- Canberra;
- RAAF Williams;
- RAAF Base Tindal;
- Darwin;
- RAAF Base Darwin;
- HMAS Coonawarra;
- RAAF Base Amberley; and

### 2. ADF Transition Centres are located in the CSIG regions of:

- ACT/Southern New South Wales;
- Sydney Central;
- South Queensland;
- Tasmania;
- South Australia;
- Northern Territory and Kimberley; and
- Central/Northern New South Wales.
- Sydney West/South;
- Riverina and Murray Valley;
- North Queensland;
- Western Australia;
- Southern Victoria;

# Appendix 3: Additional background on transition assistance provided by Defence

## Defence Assisted Study Scheme

1. The DASS is based on member-initiated applications. Once approved to undertake a course of study, personnel receive financial reimbursement of approved course-related costs on successful completion of the course or semester subjects.<sup>90</sup> ADF personnel on 365 days or more continuous full-time service are eligible to apply for any DASS level.<sup>91</sup> To retain eligibility for reimbursement, personnel must continue to provide continuous full-time service throughout the approved course.

2. To be able to access courses for career transition, applicants need to provide amplifying statements to substantiate their intention to separate from the ADF within a reasonable timeframe. Vocational education and training courses will only be approved within three years of the proposed separation date while vocationally-oriented tertiary courses may be approved up to 10 years prior to the proposed separation date.<sup>92</sup>

## Career Transition Assistance Scheme

3. Personnel are advised career assistance should be used during their last 12 months of service, with members required to show proof of their intention to separate from the ADF within 12 months. This proof may be a termination authority; or confirmation from a Transition Co-ordinator that the member's application for termination has been received and forwarded to the appropriate approving authority.

4. Table A3.1 outlines the eligibility criteria for the different levels of career assistance, together with the assistance available, under the CTAS.

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<sup>90</sup> Expenses that may be reimbursed are compulsory course fees, tuition fees and Higher Education Contribution Scheme/Postgraduate Education Loan Scheme payments. Financial assistance received through the DASS is a reportable fringe benefit for taxation purposes.

<sup>91</sup> Although members of the Active Reserve Force are eligible for the DASS under specified circumstances, they are not eligible for career-transition-oriented training under DASS Level 3.

<sup>92</sup> Career transition oriented training under DASS Level 3 may be undertaken concurrently with training undertaken under other DASS levels.

**Table A3.1**

**Career assistance available under the CTAS**

CTAS Level	Eligibility criteria	Assistance available
Level 1	<p>Less than 12 years service, not having completed mustering/ corps/category training at termination.</p> <p>Less than 12 years service, having completed mustering/ corps/category training at termination.</p>	<ul style="list-style-type: none"> <li>● Access to DASS Level 3 until day of separation.</li> <li>● Access to DASS Level 3 until day of separation.</li> <li>● 5 days approved absence.</li> </ul>
Level 2	<p>More than 12 and less than 18 years service.</p> <ul style="list-style-type: none"> <li>● More than 18 years service.</li> <li>● Compulsory separation on attaining the age for retirement.</li> </ul>	<ul style="list-style-type: none"> <li>● 10 days approved absence.</li> <li>● CV coaching up to \$227.</li> <li>● Access to Career Transition Training up to \$1100 <u>or</u> to Career Transition Management Coaching up to \$1100.</li> </ul>
Level 3	<ul style="list-style-type: none"> <li>● Compulsory separation to meet the needs of the Service (i.e. redundancy, Management Initiated Early Retirement or Management Initiated Early Discharge).</li> <li>● Compulsory separation after having been ruled medically unfit to continue service.</li> </ul>	<ul style="list-style-type: none"> <li>● 23 days approved absence.</li> <li>● CV coaching up to \$227.</li> <li>● Access to Career Transition Training up to \$4400 <u>or</u> Career Transition Management Coaching up to \$2232.</li> <li>● 23 days approved absence.</li> <li>● CV coaching up to \$227.</li> <li>● Access to Career Transition Training up to \$4400.</li> <li>● Career Transition Management Coaching up to \$2232</li> <li>● Financial counselling up to \$464.</li> </ul>

Note: Amounts are inclusive of GST.

Source: *ADF Pay and Conditions Manual*, February 2003, Chapter 9—Part 7. Career Transition Assistance Scheme Operating Guidelines, 30 January 2004.

5. CV coaching available under CTAS is intended to allow eligible personnel to receive professional assistance to develop skills in producing a CV. As this coaching can only be accessed once during a member's ADF career, members are advised to seek CV coaching within 12 months of their intended separation date so as to have an effective CV on separation. To gain as much benefit as possible, members are advised to use the information on the CTAS website or the CV compiler available from Resettlement Officers before undertaking the coaching.

6. Career Transition Training (CTT) provides access to vocationally oriented education and training for the purposes of post-separation employment and employment-related work skills. For CTT to be approved, the nature of the training must be specifically aligned to transferring military skills and experience to the civilian sector. If a member's career goals are unrelated to their Service education or training, CTT may still be approved if the member has a previously demonstrated interest in the field through having already obtained, or made progress towards obtaining, relevant qualifications or extensive association with the field through a hobby or part-time business.

7. Qualifications sought through training must be the minimum necessary to enable the member to be competitive for employment in the intended field of work.<sup>93</sup> Courses undertaken may range from short vocational courses to extended post-graduate qualifications.<sup>94</sup> Course delivery may be by face-to-face tuition, correspondence or on-line. CTT covers the cost of the training component only and does not include supplementary materials such as textbooks (except course manuals), equipment, licenses or membership fees.

8. Applications for CTT are to include:

- information about the members career transition intentions;
- evidence demonstrating a firm commitment to employment or self employment in the field related to the requested training; and
- evidence showing the essentiality of the training sought to enable the member to become generally competitive for employment in the nominated vocation or industry.

9. Career Transition Management Coaching is an option available to members who are unsure of their intended field of employment, and is also known as outplacement counselling. Services available as part of a career transition management coaching package include:

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<sup>93</sup> Specific guidance is included in the CTAS Operating Guidelines for tertiary study, small business management, training for franchise operations and flying training.

<sup>94</sup> For lengthy courses, only the units that may be completed by the end of the 12 month preservation period may be funded or subsidised.

- identification of transferable skills;
- stress management;
- job options and job placement advice;
- coaching to develop a curriculum vitae;<sup>95</sup> and
- interview skills/personal presentation at interview.

10. A member may utilise their approved absence allowance to undertake on-the-job training resulting from job placement advice. Approved absences may be used for:

- attendance at appointments with employment agencies for professional employment advice;
- interviews with prospective employers;
- attendance at formal training courses for CTT or career transition management coaching approved as part of CTAS;
- attendance at formal training courses approved under DASS Level 3 for members with a CTAS Level 1 entitlement; and
- attendance at on-the-job experience approved under CTAS.<sup>96</sup>

11. Members are not permitted to accept any form of remuneration for on-the-job experience as this may jeopardise any compensation claims related to the experience.

12. Members of the ADF who transfer to an active element of the Reserve on their separation from the ADF have their entitlements preserved for as long as Reserve service remains their major form of employment. Such individuals are not considered by Defence to have transitioned into the civilian workforce. On ceasing Reserve service, entitlements are automatically preserved for 12 months. Reserve service does not contribute to the period of service used to determine the CTAS level a member is eligible for.

## Removal entitlement

13. The allowances available to separating personnel to assist in their removal to a new location on completion of service are presented in Table A3.2. As can be observed in this table, half of these allowances are those

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<sup>95</sup> Utilisation of this component excludes the member from using CV coaching and vice versa.

<sup>96</sup> On-the-job experience is work experience undertaken on a full-time basis and is relevant to the member's intended post-separation employment.

normally applicable when personnel are required to relocate as part of their ADF service.

14. Personnel may defer their removal for up to 12 months after the date of separation.

**Table A3.2**

**Removal allowances available to separating personnel on completion of ADF service**

Allowance	Description of allowance
Allowance for travel on termination of service	Travel, before or after completion of service, in a privately owned vehicle from last place of duty or where service is to be terminated to locality where member intends to live. Vehicle allowance, travelling allowance for the member and accommodation and meal costs of any dependents will be payable.
Travel and related entitlements on completion of service	A member's travel, baggage and accommodation entitlements when travelling in Australia.
Travel in anticipation of completion of service	Entitled means and class of travel, baggage and accommodation entitlements for the member's dependents when travelling in Australia in anticipation of the member's completion of service.
Removal on completion of service	Furniture and effects removed at Commonwealth expenses from the losing locality to a new locality. Removal may be deferred for up to 12 months after discharge.
Removal in advance of completion of service	If a discharge authority has been issued, the member is entitled to reimbursement for the cost of a removal in advance of completion of service. This may occur during any leave immediately preceding the date of completion of service or at any time during the final 12 months of service.
Removal on completion of service at own request	When a member completes service at their own request, the member is entitled to a removal at Commonwealth expense provided a specified period of service has been completed. The removal subsidy for a member with less than three years continuous full-time service is the cost of removal to the member's place of enlistment or the port of entry to Australia for an overseas applicant.
Removal of vehicle on posting or completion of service	Two vehicles removed at Commonwealth expense, which will normally be driven by the member or dependents. Transportation of the vehicle may be approved in specified circumstances.
Storage on completion of service	If a member is eligible for removal after discharge and a suitable residence is not available, items will be removed to an approved storage facility. The member is responsible for any storage charges after the discharge date.

Allowance	Description of allowance
Temporary accommodation allowance	Accommodation and meals allowance where the member is required to occupy temporary accommodation as a direct result of a removal. Period of entitlement is three nights at the losing locality and the period necessary at the gaining locality necessary to deliver the member's furniture and effects to a dwelling or storage at that locality.
Rent allowance	Rent allowance is payable for a dwelling at the losing or gaining locality where the member has been posted within 12 months of anticipated discharge or where the member's dependents have been removed within 12 months of the member's anticipated discharge date.
Disturbance allowance	Compensates members for certain costs arising from removals such as a child changing schools; telephone installation or reconnection costs; and costs associated with the transfer of motor vehicle registration.
Childcare assistance on removal	Reimbursement to assist with the cost of providing childcare where only the ADF member or one adult is able to be present during the removal for family, Service or medical reasons.
Reimbursement of expenses for pet relocation	Reimbursement of reasonable expenses for the commercial transportation (including any veterinary fees for the sedation of pet during transport) and boarding of household pets.
Insurance and indemnity	Provides a limited indemnity for loss or damage to furniture and effects occurring during removal or storage at Commonwealth expense.
Loss on sale	Reimburses members for financial loss if, instead of having furniture, motor vehicles and other effects removed at Commonwealth expense to the gaining locality, the items are sold and a financial loss is incurred.
Removals Miscellaneous Costs	Reimbursement for reasonable labour costs of technical assistance to dismantle and assemble items such as TV antennae, waterbeds, security alarm systems and window mounted air conditioners.

Note:   - allowances applicable when a member is required to move as part of their ADF service.

Source: *ADF Pay and Conditions Manual*.

## Defence HomeOwner Scheme

15. ADF personnel, who joined the permanent Navy, Army or Air Force on or after 15 May 1985 or revoked their entitlement under the Defence Service Homes Scheme between March and August 1991,<sup>97</sup> are eligible for the Defence HomeOwner Scheme. Qualifying service, together with the entitlement earned, is outlined in Table A3.3.

16. To utilise the Scheme, eligible members need to obtain an Entitlement Certificate.<sup>98</sup> This certificate does not guarantee a loan but provides verification to the National Australia Bank that the member is entitled to the payment of a subsidy.<sup>99</sup>

17. For those with an Entitlement Certificate and a home loan, the Defence Housing Authority pays a monthly subsidy directly to the loan account. The subsidy continues to be paid for the entitlement period or until the loan has been discharged, transferred or repaid.

18. The loan may be used more than once, provided the member still has an unused subsidy entitlement, with the full amount of \$80 000 received each time. However, an Entitlement Certificate needs to be obtained for each property. Legislative requirements which must be met before payment of the subsidy can be approved are that the member does not have more than 50 per cent beneficial interest in any other property; the house must be suitable for the member's needs; the member must reside in the house before the subsidy can commence; the title, mortgage and loan account are held in the name of the eligible member solely or as joint tenant; and the member cannot use the loan to buy investment properties or motor vehicles.

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<sup>97</sup> The Defence Service Homes Scheme, administered by DVA, was established under the *Defence Service Homes Act 1918* and was originally introduced for persons who had performed war service. ADF personnel who enlisted for the first time before 14 May 1985 or rendered operational service in Namibia are eligible for the Scheme. Personnel with an unused entitlement may apply for a loan any time after leaving the ADF. The Scheme is funded by special appropriation made under section 41 of the Defence Service Homes Act. For 2002–03, financial assistance of \$1.8 million was provided through the Defence Service Loans Scheme.

<sup>98</sup> During 2002–03, 85 applications for Entitlement Certificates were declined or withdrawn.

<sup>99</sup> During 2002–03, 24 applications for payment of subsidy were declined or withdrawn.



Table A3.3

### Entitlements under the Defence HomeOwner Scheme

Type of entitlement	Entitlement and qualifying prerequisite
Base entitlement	<ul style="list-style-type: none"> <li>• After a basic service period of 5 years, a subsidy for each year of completed service.</li> <li>• Maximum subsidy entitlement period is 20 years.</li> </ul>
Entitlement where a member was allotted for duty in an area of warlike operation	<ul style="list-style-type: none"> <li>• Basic service period is waived.</li> <li>• An additional period of between 2 and 5 years, depending on length of warlike service, added to the subsidy period.</li> <li>• Subsidy entitlement period is number of completed years of service plus additional years of subsidy.</li> <li>• Maximum subsidy entitlement period is 25 years.</li> </ul>
Entitlement where a member had operational service in the Middle East region between 2 August 1990 to 9 June 1991	<ul style="list-style-type: none"> <li>• Basic service period is waived.</li> <li>• Subsidy period is calculated on number of completed years of service.</li> <li>• Minimum subsidy entitlement period is 16 years.</li> <li>• Maximum subsidy entitlement period is 20 years.</li> </ul>
Entitlement where a member is a medical dischargee	<ul style="list-style-type: none"> <li>• If served less than 15 years, subsidy entitlement period is the lesser of: <ul style="list-style-type: none"> <li>❖ 12 months subsidy for each completed year of effective or efficient service; or</li> <li>❖ 10 years.</li> </ul> </li> <li>• If served more than 15 years, subsidy entitlement is that earned until discharge.</li> </ul>

Note: 1) 'Warlike service' is the period of service in an operational area defined as warlike by the Minister for Defence.

2) Additional years of subsidy are:

- not more than three months warlike service—two additional years of subsidy;
- more than three but not more than six months of warlike service—three additional years of subsidy;
- more than six but not more than nine months of warlike service—four additional years of subsidy; and
- more than nine months of warlike service—five additional years of subsidy.

3) For medical dischargees, Defence must have admitted liability for the injury or disability, and the member must be receiving some form of compensation through DVA or MCRS.

Source: *Defence HomeOwner Scheme* at <http://www.dha.gov.au>

## Civil accreditation and qualifications

19. Since the early 1990s Defence has sought accreditation of its education and training within the national education and training systems, initially as a means of assisting personnel transition to non-Defence employment. Defence's Civil Accreditation Program assists personnel to gain nationally recognised

qualifications for ADF formal training courses, on-the-job training and experience gained on-the-job. Accreditation takes the form of a certificate.

20. Civil accreditation qualifications available to ADF personnel are listed on the Defence website and intranet. A member's Service handles applications for accreditation and the issuing of certificates. Former members are also eligible.

21. Personnel are deemed eligible to receive a qualification when they have completed the designated training and assessment, been promoted to the indicated rank, and demonstrated the appropriate competencies over a minimum period of 12 months. Where a qualification is not rank specific, other pre-requisites may be specified.

22. Defence has advised that personnel separating with at least four years ADF service should leave with at least one, and probably two, nationally accredited qualifications. More qualifications, and at a higher level, can be acquired as personnel move up the ADF rank structure.

### **Navy's Record of Training and Employment Books**

23. Navy provides an authenticated record of employment, qualifications and training to all members. Record of Training and Employment documents provide information which can be used in:

- formulating resumes;
- gaining recognition of prior learning and exemptions at educational institutions; and
- assisting in obtaining employment following separation from the ADF.

Record of Training and Employment Books may be obtained at any time following completion of a specified period of service, in addition to prior to separation.

### **Transition assistance for Star ranked Officers**

24. The key elements of the transition plan for Star ranked Officers are:

- transition management begins on promotion to Star rank;<sup>100</sup>
- transition management is an on-going part of senior Officer management;

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<sup>100</sup> The Chief of the Defence Force and the Director Senior Officer Management write to members of the ADF on their promotion to star rank informing them of the Senior Officer Transition Management Program and the Directorate of Senior Officer Management website. Through the website and personal contact, members are informed of their transition entitlements.

- effective transition creates success for both the individual and the ADF; and
- transition management for senior leaders directly impacts on the retention of middle level and junior Officers.

Table A3.4 sets out the assistance available, together with eligibility requirements.

**Table A3.4**

**Transition assistance provided to Star ranked Officers**

Component	Assistance available	Eligible personnel
Financial Advice	Preparation of a financial plan by a professional provider to the value of \$1500.	Available to personnel on promotion to Star rank.
Outplacement Assistance	Executive outplacement program by a professional provider to the value of \$13 000.	Star ranked Officers separating from the ADF under: <ul style="list-style-type: none"> <li>• Management Initiated Early Retirement;</li> <li>• redundancy; or</li> <li>• compulsory age retirement.</li> </ul>
Transition Training	<ul style="list-style-type: none"> <li>• Range of training opportunities tailored to individual to the value of \$10 000.</li> <li>• Training needs usually determined in conjunction with outplacement provider.</li> </ul>	Star ranked Officers separating from the ADF under: <ul style="list-style-type: none"> <li>• Management Initiated Early Retirement;</li> <li>• redundancy; or</li> <li>• compulsory age retirement.</li> </ul>
Senior Officer Transition Seminar	<ul style="list-style-type: none"> <li>• Complements the ADF Transition Seminar.</li> <li>• Includes sessions by professional providers on outplacement, financial planning and for partners on how to support the transitionee.</li> <li>• Seminars are held annually.</li> </ul>	<ul style="list-style-type: none"> <li>• All Star ranked Officers.</li> <li>• Partners may also attend.</li> </ul>

Note: Compulsory age retirement for star ranks is:

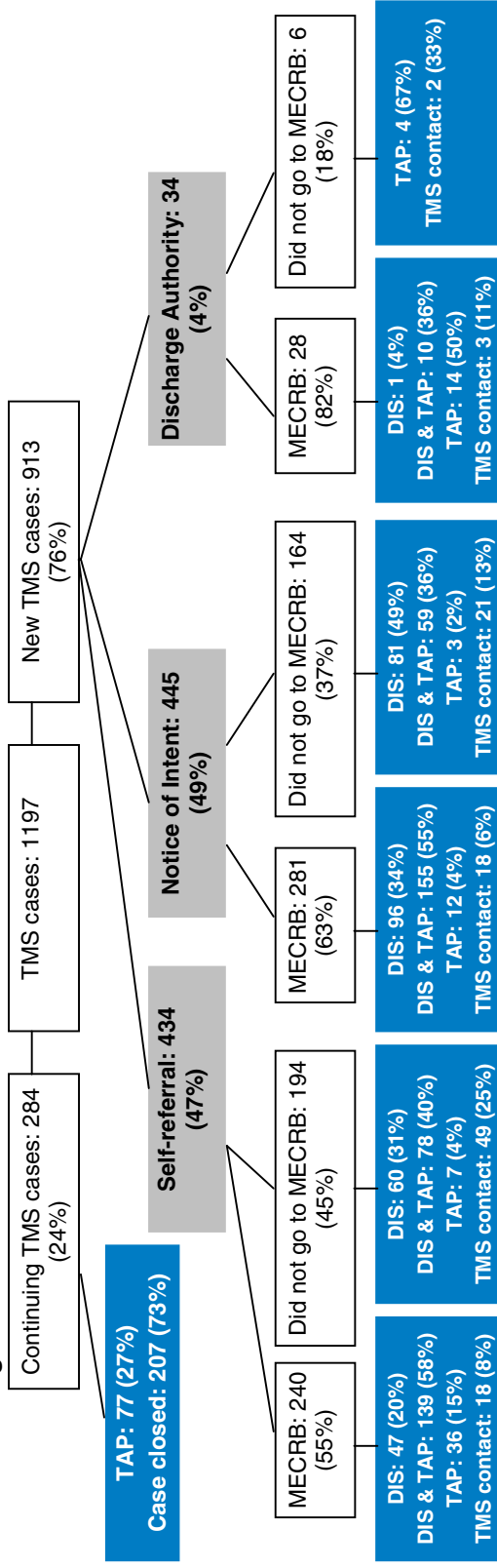
- Brigadier and equivalent ranks—55 years old;
- Major General and equivalent ranks—57 years old;
- Lieutenant General and equivalent ranks—60 years old; and
- General and equivalent ranks—63 years old.

Source: Directorate of Senior Officer Management, Department of Defence.

**25.** Star ranked Officers who are medically discharged will be eligible for all components of Star rank transition assistance.

# Appendix 4: Use of TMS

Figure A4.1  
Personnel using TMS 2002–03



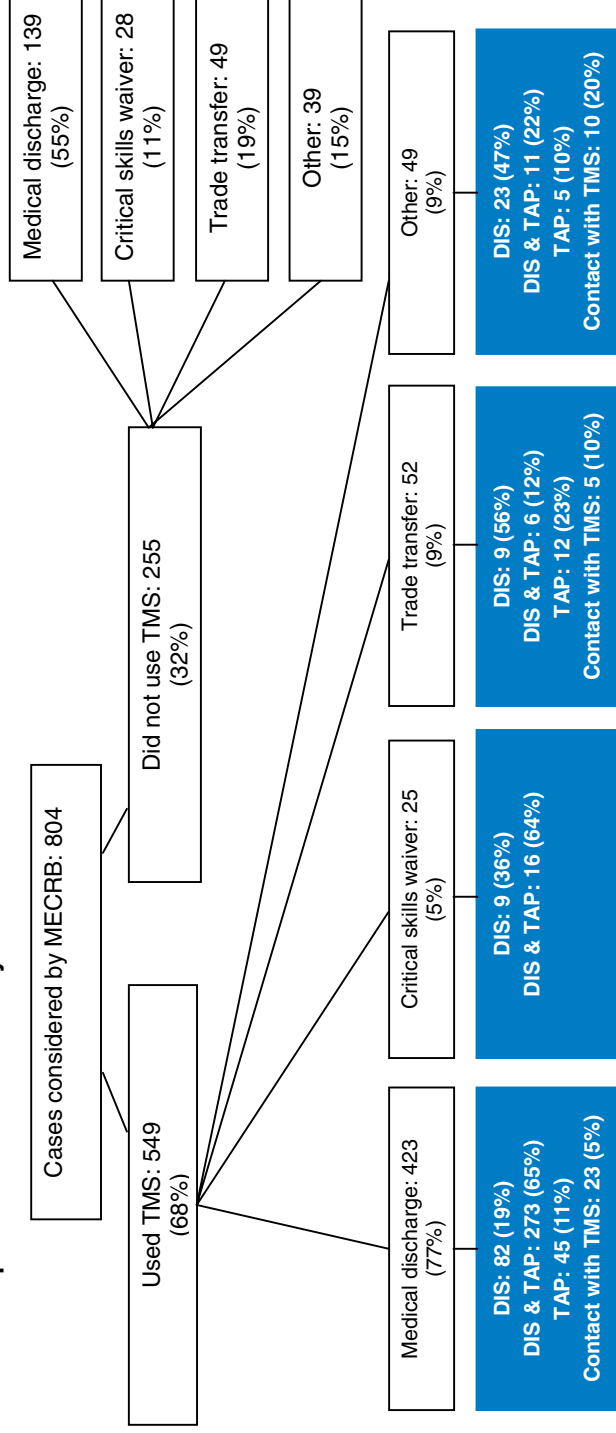
Note:

- 1) 'Continuing' cases are cases that commenced before 1 July 2002.
- 2) [Grey box] - how new users came to use TMS.
- 3) 'DIS' is a Discharge Impact Statement; 'TAP' is a Transition Action Plan; and 'TMS contact' is when communication between a member and TMS was initiated but services are to be, or were not, used.
- 4) [Blue box] - services used by personnel utilising TMS.
- 5) The 18 per cent of personnel using the TMS after receipt of a discharge authority indicated as not going to a MECRB actually did so in 2001–02, rather than 2002–03.
- 6) Numbers do not add up due to rounding.

Source: ANAO analysis of data supplied by Defence's Career Management Agencies and TMS Summary Reports provided by DVA.

**Figure A4.2**

**Outcomes for personnel considered by MECRBs and their use of TMS 2002–03**



Note:

- 1) 'Other' includes personnel whose MEC was upgraded by the MECRB, are appealing the MECRB decision or where the ANAO could not identify the result of the MECRB decision.
- 2) 'DIS' is a Discharge Impact Statement; 'TAP' is a Transition Action Plan; and 'Contact with TMS' is when communication between a member and TMS has been initiated but services were not used.
- 3) ■ - services used by personnel utilising TMS.
- 4) Numbers do not add up due to rounding.

Source: ANAO analysis of data supplied by Defence's Career Management Agencies and TMS Summary Reports provided by DVA.

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