

The Auditor-General
Audit Report No.35 1999–2000
Performance Audit

Retention of Military Personnel

Australian Defence Force

Australian National Audit Office

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Canberra ACT
3 April 2000

Dear Madam President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Australian Defence Force in accordance with the authority contained in the *Auditor-General Act 1997*. I present this report of this audit, and the accompanying brochure, to the Parliament. The report is titled *Retention of Military Personnel*.

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

Yours sincerely



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

AUDITING FOR AUSTRALIA

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Abbreviations

ADF	Australian Defence Force
ADFA	Australian Defence Force Academy
ARA	Australian Regular Army
CNDF	Canadian National Defence Force
CTEAS	Career Transition and Education Training Scheme
CIT	Common Induction Training
CSP	Commercial Support Program
DEFCARE	ADF's accident and injury database
DCO	Defence Community Organisation
DFRO	Defence Force Recruiting Organisation
DI(G) PERS	Defence Instruction (General)—Personnel
DPE	Defence Personnel Executive
DSMA	Defence Safety Management Agency
DSPPR	Directorate of Strategic Personnel Planning and Research
DWPE	Directorate of Workforce Planning and Establishments
FCMS	Flexible Career Management System
FEP Project	Flexible Employment Practices Project
IET	Initial Employment Training
INTERFET	International Force East Timor
PTLWOP	Part-Time Leave Without Pay
PMKeyS	Personnel Management Key Solutions
PT	Physical training
ROSO	Return of service obligation
RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
RMC	Royal Military College
UFFS	Undertaking for further service
UK	United Kingdom
UNTAET	United Nations' Transitional Administration in East Timor
US	United States
NPRDC	US Navy Personnel Research and Development Centre

Summary and Recommendations

Summary

Background

1. The Defence mission is *‘to prevent or defeat the use of armed force against our country or its interests.’* Defence considers that the skills and knowledge of its people are critical to its military capability and that achieving its mission involves every aspect of the way it works with its people. Defence has also recognised that, as the nature of its work changes, its workforce will need to become better educated, more adaptable, more innovative, better paid and more inclusive.
2. Defence’s military personnel are managed by the Australian Defence Force (ADF), which comprises the three Services. An integral part of personnel management is understanding the factors that cause personnel to leave. In the ADF this knowledge would assist in predicting trends in the workforce sufficiently far in advance to allow Defence to be more pro-active in reducing separations of essential personnel and enable Defence to recruit and train personnel to meet future needs.
3. This audit report is concerned with the second of these matters although, insofar as the two issues are inter-related, it also touches on workforce planning.¹ The objective of the audit was to review the management of personnel retention within the ADF with a view to evaluating the measures Defence has in place to monitor and control the flow of trained personnel from the Services.

Overall conclusions

4. Defence is making considerable efforts to ensure that the conditions of service for members do not become a factor in members’ decisions to separate from the military. Defence agencies responsible for posting people to new positions and locations are attempting to meet the needs of most personnel where those needs do not conflict with the effectiveness of the ADF.
5. As part of the audit the ANAO interviewed 236 ADF members to identify issues that they perceived as relevant to personnel retention. Although it was not practicable for the ANAO to interview a large proportion of ADF members, the interviews gave qualitative information,

¹ Defined by Defence as a broad-based strategic personnel planning process.

indicative of a range of members' views, to assist the focus of the audit. Such insights were not available elsewhere and would not generally have been provided from survey questionnaires. These views were then assessed against the ADF's approach to managing key factors influencing personnel retention and, as such, proved to be a useful source of checks on information provided.

6. The interviews found that members had a positive perception of some aspects of their military service. In general, personnel interviewed indicated that in recent times there have been considerable improvements in housing. As well, military pay is regarded as comparable to private-sector pay at most levels although many members surveyed said that they were working long hours too often.

7. The interviews also revealed several causes of dissatisfaction that can, either in isolation or when they occur together, cause valuable, trained personnel to leave, with consequent detriment to their particular Service and to the ADF. These related to members' perceptions of: inadequate career progression; adverse effects personnel transfers on family life and spouse careers; increasing emphasis on efficiency combined with indifference to continuous change; decline in military ethos; and poor job satisfaction. Other issues which arose during the interviews involved the overall ADF environment and covered members' concerns with such concepts as leadership, communications and preparation for post-ADF employment. Most of these issues are complex and cannot always be dealt with easily or addressed in isolation from wider issues of workforce planning.

8. Nevertheless, the audit report reveals that these factors are seen as significant by a sizeable proportion of members interviewed and that they are relevant to the loss or retention of personnel. Defence's strategies should be directed to managing motivation and retention rather than managing the results of unwanted separations. The audit report focuses on strategies for Defence to use to identify and address retention issues. The audit recommendations are designed to assist in developing solutions to the issues identified as adversely affecting the retention of military personnel.

9. There would be benefits if Defence were to provide members with a better idea of where they stand with reference to career progression and prospects. A first step in this process would be to determine the cost of replacing personnel at all levels in order to establish an economic case for investing more resources in their retention. Responsibility for retention is also not clearly defined and no-one appears to be accountable for poor retention rates in particular areas of the ADF.

10. Action to reduce significantly the flow of members from the ADF would save resources lost in the training that had been given to experienced members who leave and in the resources that need to be applied to train their replacements. The loss of experienced personnel has implications for ADF preparedness. Expenditure on retention has the potential to be much more cost-effective than expenditure on recruitment and training. Retention of personnel will become increasingly significant because, in the external environment, the increasingly competitive labour market will provide a diminishing pool of quality people at graduate and secondary level from which to attract suitable candidates for military service.

11. The audit report recommends action directed to:

- assessing personnel replacement costs to help guide decisions on resources to be applied to career management and personnel retention;
- establishing a management framework that details retention policies and assigns responsibility for personnel retention;
- promoting the services and assistance available to ADF members and their families;
- evaluating the cost-effectiveness of quality of life measures designed to avoid separations from the ADF;
- developing a system for gaining a good understanding of the factors that motivate members to remain in the ADF; and
- making recruitment more effective in gaining long-term members of the ADF and in retaining recruits for cost-effective periods.

Key findings

12. The personnel separation rate in the ADF in 1998–99 was 14.0 per cent, which is similar to the rate in the UK Defence Force and comparable to the 16 per cent total separation rate in 1998 for organisations in Australia with over 5000 employees.² Senior ADF management indicated that the overall separation rate *per se* is not a particular problem. There is a strong belief that the military needs a constant throughput of young, enthusiastic members and that, overall, the three Services have not yet reduced to the target levels that have been set. (The actual Service strengths and requirements are shown in Table 2.1 and an analysis of the separation statistics for the Services is at Appendix 3.)

13. Personnel retention problems that have the potential to affect ADF military preparedness relate to specific combinations of trade, rank, location and Service (Table 2.2 shows under-strength, strategically significant positions.) Unlike the broader workforce, where lateral recruitment at all levels is normal, the ADF's practice is to recruit young people at junior levels for a career of military service with extensive training and experience in military skills and life-style.³

14. Like most organisations, Defence cannot be pro-active in dealing with retention issues without suitably interactive and user-friendly personnel management information systems. In the absence of these systems in Defence, its career managers have often placed more emphasis on filling vacancies than accommodating the needs of individual members. Taking more account of the needs of individual members would be more cost-effective in the long term if it reduces retention rates while still maintaining capability.

15. The new personnel management system, PMKeyS, should alleviate many of the problems arising from a lack of up-to-date information and allow workforce planners to gain a much better idea of what is happening at present. For instance, the system will allow separation rates to be readily calculated. PMKeyS will also be useful for calculating personnel turnover rates and for predictive purposes.

² Source: 1999 InfoHRM Benchmarking Report prepared by HRM Consulting Pty Ltd.

³ Some lateral recruitment occurs in employment groups such as pilots and engineers.

16. Defence's career management agencies appear to have minimal staff. Many members whom the ANAO interviewed said that they had rarely met a Defence career manager and did not feel they had any influence over their future courses or postings, or their career in general. There is no formal career management at the Private level even though there is a significant investment in the initial training of those members.

17. Defence could manage retention more effectively if it had a better understanding of the views of its members in relation to the organisation and factors that would encourage them to stay or leave. Defence Attitude Surveys and the re-introduction of exit surveys are examples of Defence attempts to obtain the information it needs to manage retention better.

18. The ANAO interviews with 236 serving members at all ranks sought to ascertain what factors caused members to re-evaluate their continued employment in the military. The interviews disclosed in an indicative way that, although there was no single cause of dissatisfaction with life in the ADF, the following factors would cause members to seek a discharge when an opportunity to do so arose:

- inadequate career progression—officers and other ranks believed that there was no overall strategic plan to help them achieve their specific career goals in the military and, unless they have an effective mentor, members basically were required to look after their own career interests;
- a detrimental effect on families—many members would discharge when their children were reaching their teens because of disruption to education that can result from posting cycles and can lead to behavioural difficulties;
- a negative effect on spouse career—resulting from frequent and/or irregular postings;
- an increasing emphasis on efficiency—members consider that many of the savings reported in Defence reform have been made only because they work longer hours and make do with reduced resourcing levels;
- perceived Defence indifference to the effect that continuous change has had on ADF members;
- a decline in military ethos—general dissatisfaction with the way the military is changing to be more like the private sector, taking away many of the reasons for being in the military; and
- poor job satisfaction—a lack of variety in what members do from day to day and a perceived lack of real worth in what is actually done.

19. Recruiting for the ADF should produce recruits who will provide the ADF with a good return on the investment associated with their recruiting and training. Defence should reflect a long-term, cost-effective approach to recruiting and retaining personnel in its performance indicators and any future contract for recruitment services. The success of the recruiting function is difficult to measure because there are no agreed performance criteria and the customers of the recruiting organisation, the Service Chiefs, have not defined targets that allow the assessment of recruiting outcomes.

20. Injuries that occur while training are a significant cause of separations from the ADF of members who would often rather stay. Defence could provide more guidance in the form of policy, particularly Occupational Health and Safety Policy, and associated educational activities, as well as monitoring training activities, with the aim of reducing the number of serious injuries.

21. The ANAO's qualitative interview process did not reveal any particular issues that the female ADF personnel considered affected them and that did not also affect their male counterparts. The separation rates are similar: in 1997–98 the ADF separation rate was 12.7 per cent for females and 10.7 per cent for males. There were similar separation rates in the US military forces, but in the British military forces the separation rate in 1998–99 was 18.4 per cent for females and 12.7 per cent for males.

22. Gaining information about factors affecting the retention of personnel would help Defence to influence retention rates. Defence has lacked any systematic efforts to collect such information. The establishment of the Defence Personnel Executive and the ADF Attitude Survey and Survey of Reasons for Leaving should assist Defence's understanding of these issues. Defence would benefit from establishing effective mechanisms to respond to information it obtains.

Defence response to the report

23. The ANAO made nine recommendations designed to assist Defence in managing military personnel retention and improving retention rates. Defence agreed to the recommendations, but with qualifications in respect of one.

24. Defence also made several general points summarised below:

- The ANAO interviewed only a small proportion of ADF members and should be cautious in drawing conclusions from the interviews.
- The ANAO's consultations on the audit were mainly with the Defence Personnel Executive (DPE) rather than with the three Service

Headquarters, and there was no verification or substantiation of DPE claims with the Service Headquarters.

- The report focuses on reducing wastage and improving retention without recognising the importance of defining and maintaining a 'desired level' of wastage to provide for essential throughput of personnel.
- The report does not take into account the need to manage expectations of Service life and give Service personnel the less tangible rewards that affect retention.
- The report does not give due emphasis to the increasing tempo of Service life caused by fewer ADF members and more operational deployment.

25. The Defence comments do not affect, in any significant way, the report's conclusions and key findings. There are always constraints in determining the focus and coverage of audits, to allow audit reports to be tabled in a timely manner. As the report indicates, the interviews conducted during the course of the audit gave qualitative information indicative of members' views as a check on the focus of the audit. These views were then assessed against the ADF's approach to managing key factors influencing personnel retention and, as such, proved to be a useful source of checks on information provided.

Recommendations

Set out below are the ANAO's recommendations with report paragraph references and an indication of Defence's response. The ANAO considers that Defence should give priority to recommendations 1, 2 and 8, indicated below with an asterisk.

***Recommendation No.1**
Para. 2.38 The ANAO *recommends* that Defence assess the cost of replacing personnel at all levels, and the impact on Defence outputs and outcomes, in order to make well-informed decisions about the extent of resources to be applied to career management and retention of specific classes of personnel.

Defence response: Agreed.

***Recommendation No.2**
Para. 2.40 The ANAO *recommends* that Defence establish a criteria based management framework that details retention policies and procedures, benchmarks, performance indicators and clearly assigns specific responsibility for retention at various organisational levels.

Defence response: Agreed.

Recommendation No.3
Para. 2.43 The ANAO *recommends* that Defence commence actively managing retention of members deployed to East Timor in view of the potential for military personnel to review their career options on return from an overseas deployment.

Defence response: Agreed.

Recommendation No.4
Para. 3.23 The ANAO *recommends* that Defence establish systems to continuously evaluate the cost-effectiveness of quality of life measures designed to reduce the separation incentives of personnel.

Defence response: Agreed with qualifications.

Recommendation No.5
Para. 3.25 The ANAO *recommends* that Defence continue to promote the resolution of issues affecting the education of ADF members' children through the Ministerial Council on Education, Employment, Training and Youth Affairs.

Defence response: Agreed.

Recommendation No.6
Para. 4.26 The ANAO *recommends* that Defence establish performance indicators to measure the extent to which it 'recruits and retains the right people', which is a key success factor for Defence Personnel Executive.

Defence response: Agreed.

Recommendation No.7
Para. 4.28 The ANAO *recommends* that Defence take action to address the issues relating to physical training injuries raised in the *ADF Health Status Report 1999*.

Defence response: Agreed.

***Recommendation No.8**
Para. 5.25 The ANAO *recommends* that Defence develop and implement a system for ensuring that it has a good understanding of the key factors that motivate ADF members to remain in the Services in the short and long terms and a sound ongoing knowledge of members' view of those factors.

Defence response: Agreed.

Recommendation No.9
Para. 5.27 The ANAO *recommends* that Defence endeavour to make its recruitment strategies more effective in retaining recruits for a cost-effective period by studying the effectiveness of its recruiting strategies and the perceptions held by recruits on the accuracy of recruitment information provided to them.

Defence response: Agreed.

Audit Findings and Conclusions

1. Introduction

This chapter describes the environment within which Defence is attempting to manage the retention of military personnel. ADF member' perceptions of the major retention issues and relevant overseas experience are outlined. The chapter also sets out the audit objectives, methodology and report structure.

1.1 The Defence mission is 'to prevent or defeat the use of armed force against our country or its interests.'⁴ Defence's ability to achieve its mission depends to a very large extent on having sufficient numbers of trained, experienced personnel. The ADF, as a modern, technologically advanced force, requires a wide range of expertise that can be obtained in part from the general community and in part must be developed within the military. Although it is possible to acquire a range of services through outsourcing and contracting, the ADF still needs sufficient military personnel to undertake tasks that are specifically military in nature or which may need to be performed in an area of combat operations. Recruitment, training and management of this military force are critical to the achievement of the Defence mission.

1.2 The Defence Personnel Executive (DPE) is responsible for establishing the framework for overall monitoring and control of the current and the future ADF workforce by number, characteristics, cost and function. It is also responsible for establishing and managing positions in the ADF. Implementation of policies to support this framework is in the hands of the formation and unit commanders.

1.3 The Head of the Defence Personal Executive provided a submission to the ANAO outlining the philosophy of Defence towards the retention of personnel. The text of the submission is at Appendix 1. This audit reviews the success of Defence in implementing this philosophy.

1.4 Retention of required personnel for a cost-effective period is an important factor in maintaining the overall capability of the ADF. Judicious application of resources to retaining personnel is a key responsibility for Defence's senior management. A reduction in the flow of members from the ADF would save resources lost in the training that had been given to experienced members who leave and in the resources that need to be applied to train their replacements.

⁴ 'Defence' comprises the Department of Defence and the Australian Defence Force (ADF), which in turn comprises the three Services: Navy, Army and Air Force.

1.5 Some senior Defence management indicated that overall achieved separation rates⁵ *per se* are not regarded as a particular problem. There is a strong belief that the military needs a constant throughput of young, enthusiastic personnel and that, overall, the Services have not yet reduced to the targets that have been set. Therefore identified retention problems relate to specific combinations of trade, rank, location and Service. There may, for example, be an excess of supply clerks at a Naval base and a shortage of supply clerks at an Air Force base. Therefore, although the ADF may have the necessary number of supply clerks, they may not be in the required positions.

1.6 General economic conditions and civilian employment prospects are significant factors in members' decisions to stay in or leave the ADF. A period of lower general business activity, for example, is likely to result in higher retention rates of military personnel, regardless of attempts by Defence to influence retention rates. A period of higher general business activity presents particular problems for the ADF because competition for skilled people in industry raises separation rates in particular areas of the ADF while reducing the pool of suitable young people that the ADF seeks to recruit from.

1.7 Acquisition of military personnel has a longer lead-time than comparable recruiting tasks in the commercial or public sectors. Unlike the broader workforce, where lateral recruitment at all levels is normal, the ADF's practice is to recruit young people at junior levels for a career of military service with extensive training and experience in military skills and life-style. Not only must personnel be trained to undertake their trade duties, they also need to be trained in military matters. This latter training is vital to their ability to survive in a military operation.

1.8 The long lead-time involved in acquiring and training personnel means that Defence must plan recruitment and training of personnel well into the future and control, or at least influence, the rate of separation from the military, particularly in critical trade areas. In the course of the audit, the ANAO interviewed 236 military personnel to identify factors that influence retention and separation and further reviewed some of those factors to ascertain what action Defence could take to better manage retention and separation from the ADF. The results of the interview process are at Appendix 2.

⁵ Separations in 1998–99 totalled 6645 regular members and 4285 Reserve members; that is, 14.0 per cent of the ADF workforce. This compares with 12.9 per cent in the United Kingdom in 1998–99. The total separation rate in 1998 for organisations in Australia with over 5000 employees was estimated to be 16.0 per cent (Source: 1999 InfoHRM Benchmarking Report prepared by HRM Consulting Pty Ltd).

Employment conditions and separation

1.9 Defence seeks to manage the retention of military personnel through a framework of personnel policies that focus on the employment, remuneration, development and reward of the workforce. Individual commanders and career managers support these policies by applying long-standing principles of leadership that aim to promote *esprit de corps* and a continuing willingness to serve in the ADF. The policies set out conditions of employment which in turn become a major determinant of members' attitudes towards their continuing employment in the ADF.

1.10 In relation to these conditions of employment, the ANAO's interviews⁶ with military personnel revealed a strong perception among many members that:

- a significant amount of the training received in the ADF would be of limited use in the private sector;
- career management was for officers, and in any case it was ineffective;⁷
- conditions of employment had been steadily reducing;
- concerns about financial matters and pay levels were most significant at the Army Captain level⁸ due mainly to increased family commitments at around that point in an officer's career; and
- support for members and families was minimal.⁹

1.11 These views, together with a perceived reduction in discipline in the Services, have resulted in members' perceptions that the military ethos has deteriorated. During the ANAO's interviews many members, both officers and Other Ranks¹⁰, said that the military ethos was disappearing and that serving in the military was becoming just a job. This decline in the military ethos reduces the differentiation between a member of the military and an employee in the private sector. The ANAO's discussions with military personnel in the United States (US) indicated that this problem is also being experienced in that country. If members do not see military work as qualitatively different from civilian work, they will make decisions about staying or leaving based on comparisons of conditions between the two alternatives, regardless of the standing or ethos of the military.

⁶ See Appendix 2

⁷ Defence noted that this perception may have reflected the composition of the sample and that the perception may be different in a more representative sample. This may be the case although this perception was among the most widely held by the personnel interviewed.

⁸ Equivalent to Lieutenant in Navy and Flight Lieutenant in Air Force.

⁹ See Chapter 3.

¹⁰ ADF personnel who are not officers.

1.12 Members considered that employment in the military has a number of significant disadvantages when compared with the civilian sector. These include:

- potentially unlimited working hours;
- frequent changes in employment locations often to remote or otherwise undesirable areas;
- a discipline regime and expectations unlike that of the civilian sector; and,
- often, a lack of employability at a comparable level outside the military.

1.13 Although many members, particularly at lower levels, considered that they were well paid in relation to their private sector counterparts, they generally did not feel that this was enough to offset the adverse working conditions associated with military service. Other factors kept them in the military, and the absence of those factors, or the lessening of their importance at a personal level, would also make them more likely to discharge from the ADF. Many of the personnel interviewed by the ANAO expressed a significant level of dissatisfaction with the way their career in the ADF had progressed. This was partly due to an absence of career possibilities in a Service that had been through a sustained period of down-sizing but also because career management facilities did not help them to make the most of limited opportunities.

Canadian experience

1.14 The Canadian experience mirrors many of the perceptions of ADF members. A Canadian parliamentary committee report on quality of life in the Canadian Forces¹¹ noted that:

Our personnel have been confronted with:

- *economic hardship;*
- *inadequate housing;*
- *an increase in high-risk operations with equipment that was old and ill-suited to the task at hand and that does not inspire confidence;*
- *career stagnation;*
- *increased time away from home;*
- *multiple moves on short notice; and*
- *a perceived lack of public recognition for their efforts.*

¹¹ *Moving Forward: A Strategic Plan for Quality of Life Improvements in the Canadian Forces*, Standing Committee on National Defence and Veterans' Affairs, House of Commons, Canada, October 1998.

1.15 Most of these points were also raised by ADF personnel as issues during the ANAO's qualitative interview process. The committee's report also makes a point that is relevant to any Defence force:

*It is important always to remember that our military functions under the conditions of **unlimited liability**. Serving members are deployed at a moment's notice to any theatre of conflict and are asked to put their lives on the line in the interest of us all.*

The recent ADF participation in the UN deployment to East Timor has clearly brought into the focus of ADF members the potential to be involved in life-threatening situations in the service of the nation.

The audit

1.16 Retention of military personnel was selected as a subject for audit following Parliamentary and media interest in the separation of members of key, highly trained employment groups, such as pilots and air traffic controllers, from the military. These personnel are costly to train and the experience built up over a number of years takes equally long to replace. There was also Parliamentary interest in the treatment of women in the three Services and whether separation rates for women were due to discrimination against women in the military.

Audit objective

1.17 The objective of the audit was to review the management of personnel retention within the ADF with a view to evaluating the measures Defence has in place to monitor and control the flow of trained personnel from the Services. Specifically, the audit examined whether ADF personnel management practices to retain personnel are commensurate with the cost of recruiting and training new personnel, or whether more cost-effective steps could be taken to reduce the separation rates of desirable personnel. In addition the ANAO examined whether the personnel monitoring systems in place allow the Services to predict shortfalls in key positions, classifications and trades, and take action to ensure that these shortfalls do not occur or are alleviated as quickly as possible. The audit also included the measures taken by Defence to retain military personnel generally and to identify those factors which would cause a member to discharge while they were still valuable to the Defence mission.

Audit methodology

1.18 The ANAO interviewed a large and diverse sample of ADF military to identify the issues perceived by a range of members as most important to the retention of military personnel. The interviews were

qualitative in nature and were conducted to identify those issues that were perceived to be significant by personnel across geographical and Service boundaries. The methodology used in this interview process is set out in Appendix 2. This appendix also reviews the responses of the personnel to the interview questions and summarises the most prevalent attitudes and opinions that emerged from the interviews. It provides the reader with an understanding of the context of the report.

1.19 Discussions were held with relevant areas¹² in Defence who supplied further information on issues of interest to the ANAO. The audit also took account of the submission provided by Defence (see Appendix 1.)

1.20 Statistical information on issues such as workforce planning, recruitment, separation and physical injuries was analysed and relevant reports and other documents were examined. International better practice was reviewed in order to provide appropriate benchmark material, as discussed in the report.

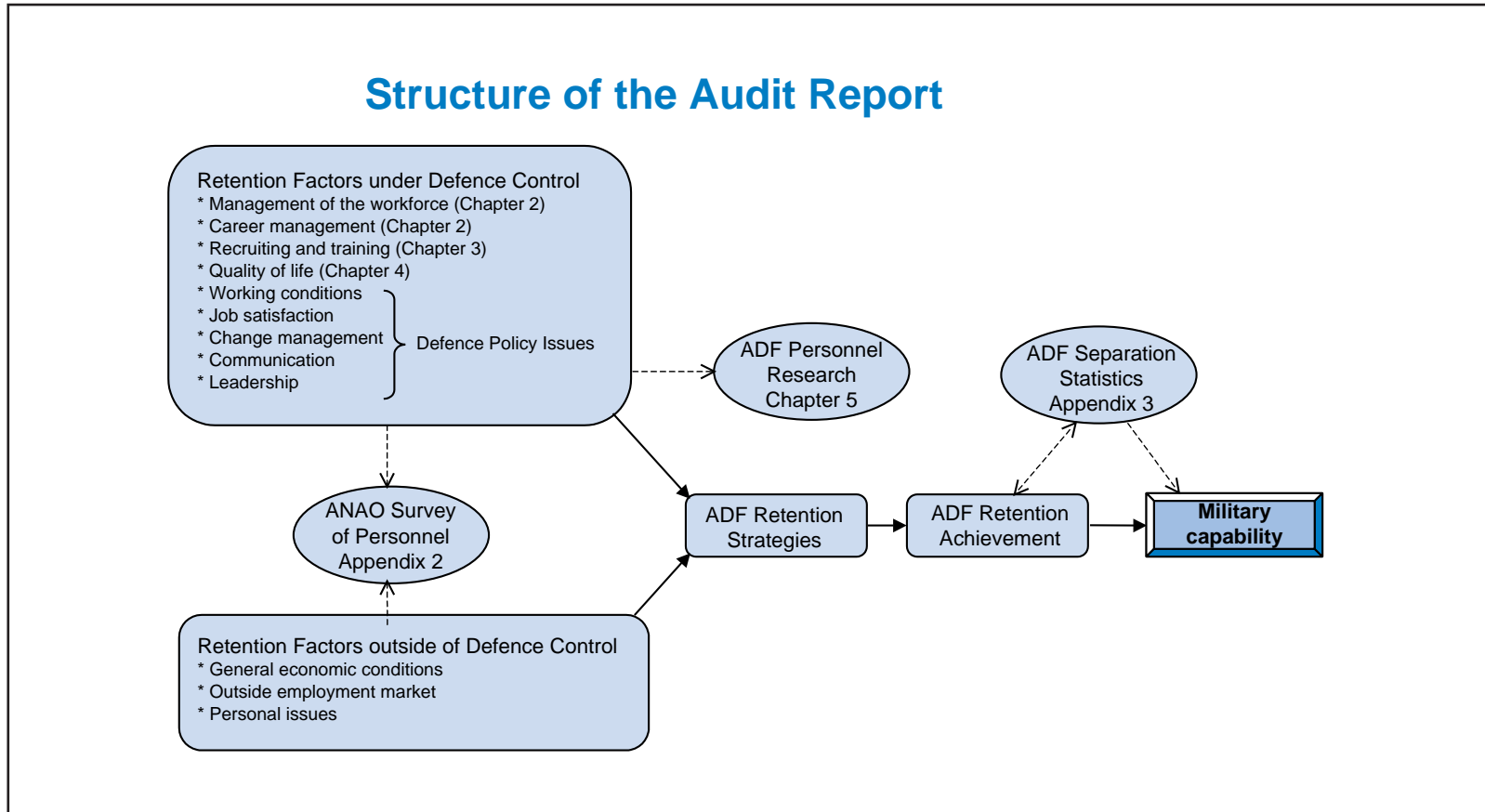
1.21 After a preliminary study, audit fieldwork commenced in June 1999 and concluded in September 1999. The proposed report was put to Defence in December 1999 for comments, which were provided in February 2000. The final report was completed having regard to those comments. The audit was conducted in conformance with ANAO auditing standards and cost \$331 000.

Report structure

1.22 The remainder of the audit report is organised into four chapters as shown in Figure 1.1. Chapter 2 examines management of the ADF workforce. Chapter 3 deals with quality of life issues. Chapter 4 concerns retention issues relating to recruiting and training. Chapter 5 reviews ADF personnel research.

¹² Such as the Directorate of Workforce Planning and Establishments, Defence Health Services Branch, Defence Force Recruiting Organisation and Directorate of Strategic Personnel Planning and Research.

Figure 1.1



2. Management of the ADF Workforce

This chapter provides personnel statistics for the three Services including under-strength strategically significant positions. Workforce planning arrangements and responsibilities including targeted retention measures are examined. The management of separation rates after active service in East Timor is discussed.

2.1 The nature of the military environment has traditionally placed restrictions upon the free lateral movement of personnel from civilian to Service employment except at the base level entry. In addition, required personnel need to be retained for at least a period sufficient to provide a return commensurate with the significant training investment made in them.

2.2 The ADF has acknowledged that a key element of the external environment is the increasingly competitive labour market from which it needs to attract suitable candidates for military service. Retention of those who are enlisted has therefore become increasingly important. Concurrently, the ADF has also recognised that there are financial inducements from other employers for the ADF's qualified and experienced people to take up employment opportunities in other public-sector agencies or in the private sector.

2.3 Although the retention of staff in the ADF employment groups identified as having shortages is important, so is a sustainable level of staff turnover that allows the ADF to maintain a youthful profile. This requires an understanding of the current situation and future trends in employment in each of the employment categories in the Services and their equivalent or similar positions in the general community. The expectations of the potential recruits also need to be understood.

Workforce planning

2.4 Table 2.1 shows the required and actual average ADF personnel strength in 1998–99. It also shows the planned required average strength in 1 July 2001 to provide information on the future intentions of the ADF.

Table 2.1
ADF Personnel Requirements¹

	<i>Reqd—1998–99</i>	<i>Actual—1998–99</i>	<i>Reqd—1 Jul 2001</i>
Navy—Regulars	12 748	11 973	12 029
Navy—Reserves	2 426	227	Not known
Air Force—Regulars	15 512	14 099	11 757
Air Force—Reserves	2 388	2 303	Not known
Army—Regulars²	24 602	22 343	25 782
Army—Reserves	28 371	21 486	28 371
TOTAL—Regulars	52 862	48 415	49 568
TOTAL—Reserves	33 185	25 016	Not known

Source: Directorate of Workforce Planning and Establishment.

Notes: 1. Numbers of trained force members—average strength for the financial year.

2. The 2495 members of the Army Individual Emergency Force are not included although they are technically part of the Regular Force.

2.5 Table 2.2 provides information on strategically significant positions within the ADF that were under-strength as at 1 July 1999. Although the standing of these positions will have changed since that time, this table demonstrates the nature of the retention problem that can arise with some positions and classifications.

Table 2.2
Under-strength strategically significant positions as at 1 July 1999

<i>Position</i>	<i>Establishment</i>	<i>Strength</i>	<i>Difference (%)</i>	<i>Reason for Difference</i>
Air Force positions				
Pilot	756	640	15	Combination of expanding requirement, high historical wastage rate and training restrictions (lack of instructors, limited positions on pilots courses, and high student failure rate)
Air Defence Officer	156	117	25	Significant increase in establishment in 1998–99 created an apparent shortage; but recruiting plan is in place to achieve the required capability in the desired timeframe.
Air Surveillance Operator	295	238	19	Relatively high wastage rates at NCO levels
Imagery Analyst	48	42	13	Combination of expanding requirement and training restrictions
Clerk/Clerk Supply/Supplier	2352	1996	15	High wastage rates at NCO levels, job satisfaction and uncertainty of career prospects due to impact of Commercial Support Program.

continued next page

<i>Position</i>	<i>Establishment</i>	<i>Strength</i>	<i>Difference (%)</i>	<i>Reason for Difference</i>
Navy positions				
Pilot	119	87	27	Combination of expanding requirement, high historical wastage and training pipeline constrictions
Observer	98	77	21	Combination of expanding requirement, high historical wastage and training pipeline constrictions
Seaman Officer	1020	825	19	Combination of expanding requirement and training pipeline constrictions (sea bunks/bridge time)
Combat Systems Operator (Sailor)	914	730	20	Combination of expanding requirement, high historical wastage and training pipeline constrictions predominantly at sea. Declining morale and job satisfaction is causing higher wastage in the middle ranks.
Marine Technician (Sailor)	2281	1852	19	Combination of expanding requirement, high historical wastage, training pipeline constrictions predominantly at the training establishment and more recently the reduced recruiting target achievement. Declining morale and job satisfaction is causing higher wastage in the middle ranks.
Army positions				
Intelligence	273	219	20	Increases in Capability requirements yet to be matched by increased personnel numbers.
Signals	1845	1661	10	Difficulties in achieving recruit targets.
Technical Trades/ Officers	2826	2978	-5	Significant shortfalls at CPL/SGT/ SSGT. Increases in Capability requirements yet to be matched by increased personnel numbers.
Doctors	96	79	18	Difficulties in achieving recruit targets and retaining personnel.
Log Corps (less tech trades)	5431	4974	8	Decrease in strength ahead of market testing outcomes.

Source: Directorate of Workforce Planning and Establishment

2.6 The ADF considers that it has established a broad-based strategic personnel planning process to identify significant internal and external issues likely to affect the attraction, development, management, retention and attrition of military personnel. Defence Personnel Executive (DPE) is responsible for establishing the framework for the overall monitoring and control of the current and the future ADF workforce by number,

characteristics, cost and function and is also responsible for the establishment and management of positions within the ADF.

2.7 Responsibility for workforce planning in the ADF is located in The Directorate of Workforce Planning and Establishment (DWPE), part of the Personnel Plans area. DWPE comprises three Workforce Planning Sections (one for each Service) managed by a Service-specific Deputy Director which are coordinated by a Deputy Director from an ADF-wide perspective.

2.8 DWPE develops five-year plans for each employment group, in each Service, to move from the present force to the planned force. The Section also monitors and reviews achievement of personnel life-cycle variables such as separations, recruiting achievement, promotions, and skills development.

2.9 The better the ability of the Workforce Planning Section to predict the needs of the ADF and the available personnel, the better Defence will be able to plan the careers of its members. Current techniques for workforce planning are cumbersome, particularly because of the reliance on three disparate personnel data bases, but the introduction and full implementation of the new computerised personnel management system PMKeyS¹³ should improve the ability to predict the future needs and capabilities of the ADF workforce. As an adjunct to managing overall workforce planning, adequate career management at an individual level is one way in which Defence can reduce general separation rates and also develop a more accurate knowledge of the career decisions personnel are liable to make in the future. Individual supervisors also have a role to play in managing the personnel environment.

Career management

2.10 DPE is responsible for monitoring and controlling the current and the future ADF workforce by number, characteristics, cost and function and is also responsible for establishing and managing positions within the ADF. Defence considers that an important element of peacetime service is the rotation of personnel through a variety of appointments to broaden the experience of individuals and to fill vacancies as they occur.

2.11 The ADF has established, within DPE, two career management agencies in each of the three Services to monitor and guide members' career progression. One agency is for officers and the other is for Other Ranks. Due to the limited resources available to these six career management agencies, their main task in practice is to seek to ensure that available personnel are allocated in the optimal configuration. The

¹³ Personnel Management Key Solutions.

small size of the three Services that comprise the ADF often means that there are few appropriately trained personnel available at the required rank for a vacant position. This means that members are often posted in an effort to meet a short-term need, irrespective of the long-term implications of the posting. Many of the personnel whom the ANAO interviewed believed that their relevant career management agency was looking after short-term Service interests rather than their long-term career interests.

2.12 The agencies' career managers are military personnel on normal rotational posting. They have little training in career management and are expected to learn through on-the-job experience, utilising their knowledge of their particular trade and corps. Many members interviewed felt that their career manager was only interested in filling positions. Some members suggested that a positive relationship with the relevant career manager assisted in participating in the most appropriate training courses and gaining posting preferences. Some suggested that the appointment of permanent civilian career managers would alleviate many of these problems but others felt that the need to 'crisis manage' would overcome the best intentions of career managers, whether military or civilian.

2.13 Recruitment and training of military personnel, even at the most junior level, are high-cost activities. Overseas military experience is that a basic level of career management training for all levels provides significant returns in terms of reduced recruitment and training costs due to lower turnover. The US Army has a specific employment stream of career counsellors stationed at bases to provide ongoing advice and guidance to personnel. The US Navy Retention Office for the Atlantic Fleet has established a 'virtual Retention Center'. This Internet site provides information on counselling and retention matters, including imminent courses for Retention Officers and Career Counsellors to help them keep up to date.

2.14 The ANAO qualitative interviews revealed a persistent perception among Other Ranks personnel that there are qualitative differences between the systems for officers and Other Ranks in each of the Services. These perceptions support their view that career management is only for officers. The ANAO interviews also indicated that most personnel in the Other Ranks have very little contact with their career management agencies. Apart from issues relating to postings there appears to be no contact with Careers Managers for Other Ranks personnel until they reach the level of Army Corporal¹⁴ even though there is a significant investment their initial training.

¹⁴ Equivalent to RAN Leading Seaman and RAAF Corporal.

2.15 The perception among most officers interviewed was that the career management arrangements were ineffective and that they had to manage their own careers with limited professional advice unless they had an effective mentor. Most considered that although there was no overall strategic plan to help them achieve their specific career goals in the military they were able to look after their own careers to an acceptable degree.

Responsibility for retention rates

2.16 An important factor in workforce planning is the ability to predict and, if possible, control separation/retention rates, particularly in critical trades and classifications. Notwithstanding the ADF personnel management arrangements outlined above, responsibility for retention of military personnel, both overall and within each employment category, appears to be ill-defined. No-one has responsibility for retention of specific categories of personnel or individual personnel. DPE's responsibilities imply that it has overall responsibility for retention of personnel in general. But DPE has limited involvement in day-to-day management of specific personnel or groups of personnel, and it would be unreasonable for DPE to be held fully accountable for separation rates. High or low separation rates or retention rates seem not to be considered as indicators of management performance across the ADF and are regarded more as a fact of life that must be managed around.

2.17 In the US military, retention of personnel is seen as a fundamental responsibility assigned to specific positions. Individuals and mechanisms have been established to enhance the ability of the US military to influence impending separations and identify options for retaining valuable personnel. The US Army, for example, has senior non-commissioned officers designated as 'Retention Officers'. They attend an initial 13 week training course on retention techniques and options and are stationed at bases where their role is to try to convince those members whom the Army wishes to retain to re-enlist when their initial or subsequent enlistment is coming to an end.

2.18 Even in the US Reserve forces, retention is increasingly important and is receiving more management attention. A comment made in the Retention Manual for the New Jersey National Guard indicates the emerging attitude towards retention:

To send a new recruit to Basic and AIT [second level training] costs on average \$60,000. To lose this asset without investigating it is a dereliction of duty. It is remarkable that we initiate an investigation into the loss of a \$100 piece of equipment, yet we have historically let trained and expensive assets like soldiers leave our units without much concern.

2.19 One State's National Guard recently introduced a form of performance agreement in which the Commanding Officer of a unit agrees that the retention rates for his unit are an indicator of his or her performance.

Targeted retention measures

2.20 With the increasing similarity between civilian and military employment requirements, and occasional strong demand for ADF personnel with particular abilities in private enterprise, Defence has used a variety of short-term measures to try to induce specific classes of personnel to stay in the military. The ADF uses retention and completion schemes to address immediate separation rates that could result in potential staff shortages in key areas or when no other long-term measure is effective. A number of these schemes have been developed and are discussed below.

Return of service obligation

2.21 The most common retention measure in the ADF is the return of service obligation (ROSO). This is required of various military personnel so that the ADF:

a. obtains an adequate work return from members who have undergone expensive training, including civil schooling, or selected overseas service; or who, at ADF expense, have obtained a skill or profession with marketable value; or, for those appointed overseas, who received free travel to Australia;

b. avoids disruption to the flow of replacement members with the qualifications and experience required by the Services to maintain operational efficiency and career progression; and

c. makes the most efficient use of limited training resources.¹⁵

2.22 For example, entry to a three-year bachelor's degree course at the Australian Defence Force Academy requires the member to undertake to remain in the ADF for four years after completing the degree.

2.23 A number of members interviewed by the ANAO said that, when they established their agreements to complete a ROSO, they believed that the remuneration and conditions of service would be, more or less, maintained. However, as a result of ongoing changes to the ADF such as out-sourcing to the private sector and restructuring of allowances, there was a perception among these members that the military had not honoured their part of the ROSO arrangements.

¹⁵ Defence Instruction (General) PERS 33-2 (18 March 1997) issued pursuant to section 9A of the Defence Act 1903.

Retention and completion schemes

2.24 The ADF considers that retention schemes form part of an overall package of salary, allowances and conditions of service and that bonuses are to be offered only as a last resort. To resolve separation problems, the ADF pursues non-financial measures in the first instance. These can include the use of Fixed Periods of Service for Other Ranks¹⁶, lateral recruiting to fill vacancies and quality of life measures to retain personnel. The resolution will also depend on the relative urgency of the individual situation. Financial incentives represent the final tier of options to slow the rate of separation and are put in place at the request of individual Service career managers. Table 2.3 summarises ADF retention bonus and completion payment schemes. In addition to those detailed below a retention scheme for pharmacists is under consideration by Defence.

2.25 Under the Military Superannuation and Benefits Scheme, established in 1991, a Retention Benefit is available to eligible members after 15 years' ADF service. The Benefit provides for one year's salary in exchange for a five-year undertaking for further service (UFFS). For members with an unexpired ROSO on the date of acceptance of the retention benefit, the UFFS will start from the date of expiry of the ROSO. Similarly, for members who contract a ROSO after accepting an UFFS, the UFFS would be suspended until completion of the ROSO. The unserved portion of the UFFS will then run from completion of the ROSO. More than one ROSO may be served concurrently, but a ROSO and an UFFS will be served consecutively¹⁷. If a member also has a commitment for service resulting from accepting a retention bonus, such as the Air Traffic Controller or Pilot Retention Bonus, the relevant Determination under the Defence Act will specify the conditions of acquittal for that condition in relation to ROSO and/or UFFS.¹⁸

¹⁶ Contract periods are four or six years.

¹⁷ Details relating to the implications of ROSO on UFFS are contained in the *Military Superannuation and Benefits Act 1991*, part 8, section 30 and INDMAN Instruction 1101.

¹⁸ Defence Instruction (General) PERS 33–2.

Table 2.3**Previous, existing and proposed ADF personnel retention schemes**

<i>Year introduced</i>	<i>Description of Bonus or Incentive System</i>	<i>Employment Category Targeted</i>	<i>Value (\$)</i>	<i>Required Period of Service (Years)</i>
1988–1994	First Pilot Retention Bonus	Suitably qualified pilots.	70 000	6
1996	Air Traffic Controller Retention Bonus	All appropriately qualified ATCs of LTCOL(E) rank or below	70 000	5
1996	Second Pilot Retention Bonus	Suitably qualified pilots of CAPT(E), MAJ(E) and selected LTCOL(E) rank.	50 000 75 000 120 000	3 4 5
1997	Medical and Dental Completion Bonus	Selected Medical and Dental Officers, especially those just completing the ROSO for their initial training	90 000	3
1998	RAN Observer Completion Bonus	Selected, suitably qualified RAN Observers	40 000 65 000 100 000	3 4 5
1999	Flight Engineer Completion Bonus	Non Commissioned Category A or B RAAF Flight Engineers	45 000 70 000 105 000	3 4 5
1999	RAN Technical Sailor Completion Bonus	Leading Seamen or Petty Officers in specified technical categories to serve on a DDG	35 000	2
1999	Submarine Completion Bonus	Officers and Sailors who are COLLINS qualified (or OBERON qualified but committed to converting to COLLINS) or undergoing COLLINS training	35 000	2

Source: compiled from ADF records.

(E) = or equivalent rank in Navy and Air Force.

2.26 In relation to the use of retention and completion schemes, the ANAO qualitative interviews revealed a perception among military personnel that this approach to retaining personnel in an employment category with an identified shortage did not necessarily have a great impact upon retention rates. This is because they did not address the reasons personnel were separating, but merely raised the price of someone who was in the market for other reasons. For instance, the ADF has attempted to address ongoing retention difficulties with specific pilot categories through the use of a retention bonus. Most of the pilots interviewed by the ANAO said that the main reason they had joined Air Force was to fly aircraft. They said they would be forced to accept promotions and as a result would no longer be permitted to fly. A few

said that they would be willing to forgo immediate promotion if this did not adversely affect their long-term career.

2.27 Some pilots suggested, for example, that promotion for tactical fighter pilots could follow two flight postings and they could then undertake an Australian Defence Force Academy (ADFA) degree to be completed after their flying career and not prior to it. This would allow pilots who ultimately want an ADFA degree to fly aircraft for a larger proportion of their peak flying capability period.

2.28 The ANAO's discussions with military personnel in Australia and overseas raised doubts about whether retention schemes were a cost-effective way to increase retention rates. There seemed to be two main reasons for this view. Firstly, retention and completion bonuses, in the great majority of cases, were paid to personnel who were not intending to separate from the ADF. These bonuses are, of necessity, paid to all members in a particular category to try to retain the relative few who would otherwise consider leaving. Personnel felt that, since the bonuses were often introduced after a problem had become apparent, the ADF would be better off putting its resources into planning for such eventualities and ensuring that sufficient newly-trained personnel were coming in to make up for potential departures.

Separation rates after active service—East Timor

2.29 A potential retention problem that calls for advanced planning has arisen as a result of the Australian peace-keeping mission in East Timor. The United Nations Security Council authorised the establishment of INTERFET,¹⁹ a multinational force in East Timor, on 15 September 1999.²⁰ Most personnel in the multinational force, including the commander, are Australian. A UN Security Council resolution establishing the United Nations' Transitional Administration in East Timor (UNTAET) was passed on 25 October 1999. UNTAET will ultimately replace INTERFET. The ADF commitment to the INTERFET peacekeeping operation is expected to number up to 5000 personnel when fully established. This is expected to reduce to less than 2000 when the UN takes over responsibility for this operation early in 2000.

2.30 Overseas experience in similar circumstances indicates that a high separation rate from military personnel returning from peacekeeping operations is to be expected. Military personnel in the US have identified

¹⁹ International Force East Timor.

²⁰ United Nations Security Council Resolution 1264 (1999).

this phenomenon as a result of US deployments to Bosnia and Kosovo. Canadian experience appears to be similar. One explanation for this behaviour is that deployment on a peacekeeping operation provides some sort of closure for military personnel, who can then consider that they have done what they joined up to do.

2.31 Although the ADF has an ongoing involvement in other peacekeeping operations,²¹ the significant size of Australia's commitment to INTERFET would require the ADF to consider the implications for workforce planning in general and retention in particular. Large numbers of ADF personnel are involved in the deployment to East Timor, relative to the total number of personnel. At the peak of Australian involvement, almost 10 per cent of the permanent forces will have been deployed. This means that, if increased separation rates following deployment were to be experienced here, the ADF could have difficulty in maintaining personnel numbers at the required level in the future.

2.32 As part of the workforce planning process, Defence needs to consider what additional measures should be taken in relation to expected increased separations from the Services following the deployment to East Timor, particularly in an environment where the current planned workforce levels are not being achieved.

Flexible Employment Practices Project

2.33 The Flexible Employment Practices Project is tasked with developing a Flexible Career Management System (FCMS) to improve the way ADF careers are managed. FCMS is intended to better meet the needs of the ADF of the future and the legitimate aspirations of ADF personnel. In particular, FCMS seeks to:

- improve the ability to retain personnel who meet the needs of the ADF;
- enhance the ability of the ADF to shape its workforce and structure;
- provide rewarding ADF careers with greater individual involvement; and
- enhance capability through better retention of appropriately trained and experienced personnel.

The key elements of FCMS are as follows:

- all ADF careers will be divided into phases to be based generally on the existing rank system, subject to examination of each ADF occupation to ensure the most appropriate phase length is selected;

²¹ For example in Bougainville.

- personnel will be employed for periods of service that align with career phases;
- separation rates will be reduced and managed to reduce variability, and with targeted completion incentives; and
- Service Chiefs will have the ability to separate personnel who no longer meet the needs of the ADF at the end of a period of service.

With adequate resources and management attention, it could alleviate many of the problems associated with retention of personnel.

Conclusion

2.34 Workforce planning by Defence Personnel Executive could be more effective. A major problem relates to the difficulty DPE has in obtaining and manipulating data. Introduction of PMKeyS should considerably improve the quality of data to which workforce planners have access.

2.35 The ANAO considers that career management agencies in DPE lack sufficient resources to manage the careers of personnel at the Private soldier level. Likewise there is no indication of investment in resources for units to influence significantly the retention/separation decisions of all ADF members. The cost of recruiting and training a basic-level entrant to the military, although not quantified by Defence, is known to be significant. This indicates that substantial investment in retaining these personnel could be cost-effective. As a first step, Defence should establish how much it costs to recruit and train a Private soldier (or equivalent), to help assess how much should reasonably be spent on retaining these personnel for as long as they are useful to the ADF.

2.36 There is no clear evidence that specific retention schemes are cost-effective. Even a ROSO has a downside in that it can deter people from joining the ADF or from undertaking training that would make them more useful to the ADF. The benefits of proposed targeted retention schemes need to be considered case by case, which requires Defence to collect as much information as possible on the effectiveness of such schemes.

2.37 Defence should be aware of overseas experience with separation rates following military deployments and should also canvass ADF members in East Timor to ascertain their intentions once their deployment is completed. Workforce and recruitment planning could then take into account any potential issues resulting from the deployment.

Recommendation No.1

2.38 The ANAO *recommends* that Defence assess the cost of replacing personnel at all levels, and the impact on Defence outputs and outcomes, in order to make well-informed decisions about the extent of resources to be applied to career management and retention of specific classes of personnel.

Defence response:

2.39 Agreed.

Recommendation No.2

2.40 The ANAO *recommends* that Defence establish a criteria-based management framework that details retention policies and procedures, benchmarks, performance indicators and clearly assigns specific responsibility for retention at various organisational levels.

Defence response:

2.41 Agreed. Work to develop a framework for managing retention is under way, leading to assignment of responsibility for managing retention. However, the retention problems are not driven solely by factors concluded in the ANAO report. For instance, the report ignores the need to lead and manage expectations.

ANAO comment:

2.42 The ANAO agrees that expectations are an important factor in the retention of military personnel and as such has referred to it throughout the report.

Recommendation No.3

2.43 The ANAO *recommends* that Defence commence actively managing retention of members deployed to East Timor in view of the potential for military personnel to review their career options on return from an overseas deployment.

Defence response:

2.44 Agreed.

3. Quality of Life

This chapter examines quality of life issues such as assistance relating to spouse employment and the education of members' children. The role of the Defence Community Organisation is reviewed in relation to ADF members' perceptions and relevant overseas experience.

3.1 Quality of life is a term applied increasingly to include a focus on working conditions. Many researchers have adopted the phrase 'level of well-being' as one that encompasses the meaning of quality of life. A report by the US Navy Personnel Research and Development Centre (NPRDC)²² relied on a definition by an earlier researcher:

The quality of life is the degree to which the experience of an individual's life satisfies that individual's wants and needs (both physical and psychological).

3.2 In reference to quality of life for members of the ADF it is also necessary to take into account the effect of military life on the member's immediate family. A common phrase used by those personnel involved in quality of life issues in the US and Canada was 'recruit the soldier, retain the family'.

3.3 Another report by the NPRDC²³ explains succinctly why quality of life is important in the modern military:

Today's all-volunteer military services must compete with industry for a decreasing population of young people. These young adults are, on the whole, better educated than previous generations and they have more options available to them. The information explosion also means that they are more aware of those options. As we have seen, knowledge of alternatives tends to elevate aspiration levels, with the result that this generation has higher expectations than previous generations. If the Marine Corps, or any of the other military services, is to attract and retain highly competent individuals, it must offer a way of life that satisfies the aspirations of individuals.

²² *Quality of Life: Meaning, Measurement, and Models.* Elyse W. Kerce, NPRDC, May 1992

²³ *Quality of Life in the US Marine Corps.* Elyse W. Kerce, NPRDC, January 1995

Defence Community Organisation

3.4 The Defence Community Organisation (DCO), which was formed in July 1996²⁴, is a personnel service organisation that provides support to ADF members, and their spouses and dependants. It operates as part of the DPE, with its headquarters in Canberra and over 30 offices at Defence bases across the country. DCO services vary, but mainly cover social work and community assistance, family liaison and educational services. A number of additional services are offered, including deceased estate management and compassionate returns. The annual DCO budget is about \$12 million, which represents about \$200 for every permanent ADF member.

Quality of life factors

3.5 A recent Defence evaluation report on DCO commented that personnel retention in the ADF is influenced by several factors “*principal of which are remuneration, housing, children’s education, spouse employment, and career prospects and progression.*”²⁵ It further comments that “*there is no reason to suppose that the links between family support and retention are anything but strong and valid.*” The ANAO interviews of ADF personnel obtained feedback on quality of life issues that strongly supports those views.

3.6 Remuneration, career prospects and progression are factors that affect members’ quality of life and can influence a member’s decision to separate from the ADF. Members interviewed by the ANAO mentioned these factors often. These are major Service policy issues that have been highlighted elsewhere in this report. This chapter mainly covers family support issues that arise from the personnel posting cycle. They include accommodation, spouse employment, children’s education, extended families, base facilities in remote locations and support networks for spouses.

Accommodation

3.7 The majority of personnel interviewed for this audit were satisfied with the standard of accommodation provided to them either on-base or through the Defence Housing Authority. There were some notable exceptions to this. For example, some members raised concerns about the responsiveness of the housing branch and DHA to complaints

²⁴ The DCO was formed as a result of recommendations made in the *Review of ADF Personnel and Family Support Services* (September 1994), by V. Pratt.

²⁵ Inspector-General’s Program Evaluation Report: *Defence Community Organisation*, Department of Defence, July 1999

about housing maintenance. A discussion of accommodation issues affecting ADF personnel is provided in Appendix 2.

3.8 There were some specific factors leading to personnel dissatisfaction with accommodation. These included: a lack of provision for air-conditioning allowance to ADF personnel in Darwin; delays in maintenance to houses and a lack of adequate storage facilities for possessions of single personnel living on base.

Spouse employment

3.9 One of the reasons that members leave the ADF is that their spouse is unable to find suitable employment in the locality to which the member has been posted. This is particularly true in areas where unemployment is high and jobs are scarce, such as at RAAF Base Tindal NT. Another problem is that members' spouses are generally unable to pursue or maintain a career because of the frequent relocating to new postings.

3.10 The DCO has a Spouse Employment Assistance Program. This is a self-help program to provide ADF spouses with the opportunity to improve their work-readiness and provide access to job search resources. It comprises: an Internet site for on-line job searches; Job Clubs to improve job search skills, with reimbursement of child care costs to enable spouses to attend; information seminars; and newsletters. The recent Defence evaluation report on DCO noted that only a fraction of the available funds for the program had been spent. This indicates that the program, which commenced in 1997, has been of limited success in achieving its objective of improving spouse employment opportunities.

3.11 In the Canadian and US militaries the support for spouse employment is more active. Military Family Resource Centres established across Canada provide assistance to spouses to find employment, and are piloting a program to provide second language training in English or French, which would provide spouses with a necessary and advantageous skill in a bilingual employment market. The US Navy's Spouse Employment Assistance Program assists spouses to develop their job-finding skills through a variety of measures such as instruction in resume writing and interviewing skills, and advertising vacancies in the area. In providing comments in response to a draft of this report Defence advised that:

options are under consideration to enable proper validation of the matter so the ongoing development and future direction of assistance strategies can be progressed. A submission covering the issue of spouse employment is currently the subject of Ministerial consideration.

3.12 ADF members have made little use of the DCO Spouse Employment Assistance Program, indicating that members are generally unaware of it. The evaluation report on DCO found that 40 per cent of members would not be aware of DCO²⁶ and that another 40 per cent would use it rarely.

3.13 Many members interviewed in the audit were unaware of DCO services and some expressed the view that Defence did not do enough to help spouses and families on posting to a new location. Defence needs to increase members' awareness of DCO services that can assist members with spouse employment and other problems they may experience as a result of ADF service requirements.²⁷ The DCO has attempted to facilitate communication with ADF members and their families through the use of a wide range of measures.²⁸ From the interview responses it is evident that Defence could do more to advertise the availability of such services to members and their families.

Base facilities

3.14 Defence has made significant improvements to the quality of Service facilities provided on military bases around the country. An example is the facilities constructed in recent years at Robertson Barracks near Darwin as a result of increased Army presence in northern Australia. Defence is also taking action to improve the standard of facilities at various older establishments around the country; an example of this is the proposed redevelopment of on-base accommodation at Lavarack Barracks.

3.15 Personnel interviewed at Robertson Barracks were very enthusiastic about the quality of facilities provided to them. If the quality of facilities is a retention issue, the facilities provided at Robertson Barracks would be a positive influence in members' decisions to remain in the Army. Aside from the use to which members may put the facilities, the provision of good facilities shows that Defence is interested in the wellbeing of its members.

²⁶ The Defence Personnel Executive, which includes the DCO, disagrees with this conclusion drawn in the evaluation report and does not believe that the proportion of members aware of the DCO at a particular point in time is relevant.

²⁷ In comments on the proposed audit report, Navy said that it had proposed to Defence Personnel Executive that DCO more proactively market itself to ADF families.

²⁸ These measures include information seminars, family welcome packs, a free telephone service, newspaper articles, and an Internet site.

Children's education

3.16 A major issue that members face at a time in their career when they have generally built up several years' experience in their trade and in the military, and when they can be seen as valuable assets to the ADF, is the onset of secondary education for their children. Many members expressed an intention to leave the military when their children's education reached a critical stage, so that the latter is not disrupted by postings to other locations.

3.17 Some of the members interviewed suggested that comprehensive career planning could alleviate problems associated with children's education, particularly if they could organise back-to-back postings (successive postings at the same base) at critical times. This is largely a matter for the member but it depends on how well the member can manage the posting process to achieve the posting he or she desires. A decision to post a member with secondary school children from Sydney to, say, Darwin has a high likelihood of influencing the member to discharge from the Service.

A UK initiative to help military family members

3.18 In the UK, a Service Families Task Force was created following a Strategic Defence Review to address the problems caused by Service families' mobility that are outside the Ministry of Defence's control. The Task Force includes a Ministerial Group consisting of Ministers from other portfolios that may affect the lives of Service families. It considers issues such as schools admissions policy, National Health Service waiting lists and eligibility criteria for the jobseekers allowance.

3.19 The Task Force has achieved inclusion of the special needs of Service children in a Code of Practice of Schools Admission and some recognition of particular problems that Service families must face that are specific to their situation. The Task Force has also assembled a profile of the Service spouse for each of the Services to help simplify assessment of spouse needs.

3.20 As noted above, education of children in an environment of frequent relocation is perceived as a significant problem by many personnel with families. In Australia, Defence has been seeking to alleviate the problems associated with the education of ADF members' children through its involvement with the Ministerial Council on Education, Employment, Training and Youth Affairs²⁹. This is similar to

²⁹ Established in 1994, it comprises Commonwealth, State, Territory and New Zealand Ministers with responsibility for education, employment, training and youth affairs.

the pro-active, cross-portfolio approach taken in the UK. The ANAO considers that it may be an effective way of influencing the development of educational policy to reduce the negative impact on children of ADF members of changing schools and school systems.

Conclusion

3.21 It appears to the ANAO that in some important cases Defence could address and promote members' quality of life issues with more vigour, particularly issues associated with members' families, with a view to discouraging members' separations from the ADF. The Defence evaluation report on DCO noted that 40 per cent of DCO's target market did not know of its existence, but it did not recommend that the existence and role of DCO be promoted more extensively.

3.22 Most of the DCO's expenditure appears to be applied to a small proportion of members, with only 20 per cent making regular use of DCO services. In the US and Canada there are extensive Quality of Life programs designed to minimise the likelihood that members will discharge from the Service because their family is adversely affected by military life. The ANAO considers that the ADF could cost-effectively apply more resources to alleviating problems experienced by military families and that it should at least review the amount and effectiveness of the resources that it does apply to this activity.

Recommendation No.4

3.23 The ANAO *recommends* that Defence establish systems to continuously evaluate the cost-effectiveness of quality of life measures designed to reduce the separation incentives of personnel.

Defence response:

3.24 Agreed with qualifications. The Defence Community Organisation is about to commence a study across all its major programs and services with a view to improving DCO effectiveness and efficiency. This study will compare external organisations in both the public and private sectors. It should be recognised however that there is limited potential for comparisons with external agencies due to the nature of both the ADF and the DCO. The Director of the DCO recently completed a study tour of Defence family support organisations in the USA, Canada and Great Britain, while the recently appointed Senior Defence Social Worker was recruited from the ACT Department of Family Services and will be able to provide some guidance on comparisons with that organisation. The information provided by these sources would form an integral part of the study.

Recommendation No.5

3.25 The ANAO *recommends* that Defence continue to promote the resolution of issues affecting the education of ADF members' children through the Ministerial Council on Education, Employment, Training and Youth Affairs.

Defence response:

Agreed.

4. Recruiting and Training

This chapter reviews the effect of current recruiting and training arrangements on the retention of military personnel. Recruitment targets, the use of performance indicators, initial recruit information, the initial training arrangements for the Army Reserve and physical training injuries are examined.

4.1 The ANAO examined a number of aspects of Defence recruiting with a view to assessing whether the ADF had structured its recruiting to recruit personnel likely to remain in the Services for a cost-effective period. ADF military instructors at various bases indicated during the confidential qualitative interview process that an increasing number of recruits are not interested in staying in the ADF for long or are unsuited to the military. During their interviews with the ANAO some recruits said that they had been misled or at least ill-advised by recruiting organisation staff.

Recruiting targets

4.2 The Defence Force Recruiting Organisation (DFRO) is responsible for recruiting ADF personnel. The Defence Personnel Executive (DPE) supplies DFRO with a program of annual recruitment targets including full-time and part-time requirements. DFRO is also provided with indications of future (ie. five year) recruiting targets for employment groups in Navy and Air Force. A general indication of future recruiting target sizing is available for Army. However, DFRO is not given details of ADF recruitment priorities nor is the budget for the forthcoming financial year determined prior to the annual recruitment targets being made available to DFRO. This may lead to disconnects between the recruiting that the ADF needs and what DFRO is capable of delivering.

4.3 Provision of annual recruitment targets and, in the case of the Army, long-term targets, before consideration of the DFRO budget would enable DFRO to take a more strategic approach to the management of its operations and the achievement of its targets. Specifically, it would assist with internal resource allocation decisions and in formulating marketing campaigns.

Performance indicators

4.4 Performance indicators provide Defence with information on progress in meeting outputs and outcomes, objectives and on efficiency and economy in using resources. DFRO uses the annual recruitment targets supplied by DPE as performance indicators. In 1998–99 DFRO

achieved only 80 per cent of the full-time and 50 per cent of the part-time employment targets.

4.5 Annual recruitment targets alone as performance indicators clearly do not indicate efficiency and economy of DFRO resource usage. Use of the number of recruits retained in the Services for a cost-effective period as a performance indicator would enable DFRO and Defence's senior managers to focus more on longer-term recruiting effectiveness. DPE states that its performance measures are aimed at monitoring the following as one of five key success factors: '*Defence recruits and retains the right people*'.³⁰

Initial recruit information

4.6 Potential recruits interested in officer-level entry are given an opportunity for discussion with ADF personnel working in areas that are of interest to the prospective applicant. For instance, a person with an inquiry relating to a pilot position is provided with the details of a contact officer at the nearest airbase. Each military establishment has a contact officer for this purpose.

4.7 Individuals interested in seeking information on general entry (ie. non officer entry) are limited to discussions with DFRO staff. The ANAO was informed by DFRO staff that it would be too expensive to maintain a base contact system for other ranks and that there is usually a person of Warrant Officer rank or equivalent to assist them.

4.8 Defence is presently market-testing the role of the DFRO. Present arrangements, including the use of military personnel as advisers, may be affected by future decisions resulting from this market-testing process. Defence should therefore reflect a long-term, cost-effective approach to recruiting and retaining '*the right people*' in its performance indicators and any future contract for recruiting services.

4.9 There was a perception among the majority of personnel interviewed that DFRO does not provide recruits with a sufficiently accurate picture of what to expect in the ADF in relation to career prospects and conditions of service life.³¹ Inaccurate representation of the Services to potential recruits may result in false expectations leading

³⁰ Portfolio Budget Statements 1999-2000—Defence Portfolio (May 1999) p. 151.

³¹ Defence said in response that, without reference to the particular people who made the comments, the comments could not be investigated. The ANAO's interviews were, however, confidential. Defence also said that the perception that recruiting sometimes paints a false picture was fairly common among recruits and their supervisors and may arise from perceptions of military life gained from the media and other sources and inadvertently attributed by recruits to recruiting officers.

to higher separation rates. Another consequence may be that appropriate personnel do not enlist. Both possible outcomes entail significant financial costs to the ADF and may also adversely affect members' morale.

4.10 As discussed in Chapter 5, DFRO does not undertake research on the effectiveness of its recruiting strategies, nor has it developed a system to obtain feedback from recruits on their perceptions of the accuracy of the information supplied by DFRO.

The effect of initial training on Army Reserve retention

4.11 As part of the One Army Concept³², Common Induction Training (CIT) is undertaken jointly by personnel enlisting in the Australian Regular Army (ARA) and the Army Reserve. CIT involves a 45 days' training program that covers physical training, drill, first aid, personnel organisation, discipline and weapons instruction. Upon completion of CIT, ARA recruits undertake Initial Employment Training (IET) at their allocated corps school.

4.12 DFRO advised the ANAO that the potential target population for entry to the Army Reserve is significantly restricted by the requirement to undertake the 45 days' CIT. DFRO has found it increasingly difficult to attract appropriate people into the Army Reserve. The majority of individuals available for this period of time are either unemployed or tertiary students. A Chief Clerk at one unit informed the ANAO that the drop-out rate for Reserve recruits immediately following CIT is approximately 50 per cent. His perception was that many unemployed recruits enlisted in order to be paid for the induction training and this perception was supported by the reported high early drop out rate. The fact that non-attending Reserve personnel can be 'on the books' for some months before their absence is reported means any official statistics on this phenomenon is not reliable.

4.13 Prior to the introduction of CIT, ARA recruits undertook some 13 weeks of basic training before undertaking their IET. The ANAO qualitative interviews found a perception among members of the ARA that basic training under the 45 day CIT arrangements did not adequately prepare recruits and that additional training was now required at the IET level and at unit level. This was particularly evident in the poor physical condition of some recruits when they reached a unit. Many were injured as a result of the step-up to a higher level of physical fitness

³² Introduced in 1996 with the aim of better integrating the ARA and the Army Reserves.

required of them in a unit. The ANAO was informed that a greater number of new arrivals were injured than was previously the case, and some of these had to discharge from the Service because of their injuries.

4.14 The ANAO qualitative interviews revealed that a significant number of the military personnel interviewed considered the level of physical fitness in the Services to have declined in recent years, and may have resulted in increased training-related injuries. Army personnel expressed concern about physical training (PT) more frequently than members of the other two Services.

Physical training injuries

4.15 Regular physical training of military personnel is necessary to maintain a fit, healthy and capable Defence Force. It is expected that training, including sporting activities, would be conducted in a manner that reduces the risk of training injuries and therefore minimises the cost of rehabilitation or separation.³³

4.16 The ANAO attempted to use information from DEFCARE³⁴ to establish the number and type of injuries and illnesses among military personnel and the impact these may have on personnel retention. DEFCARE, however, was found to be incomplete and biased towards serious injuries and illnesses. Further, Defence does not keep record of the number and type of injuries and illnesses affecting its military personnel or the number of working days lost. The enhancement of DEFCARE to allow for the collection and analysis of complete and accurate information on physical injuries would enable Defence to be better placed to assess the causes of such injuries and their impact on the retention of ADF personnel.

4.17 The current arrangements also do not allow for responsibility for physical injuries to be assigned to training regimes of specific formations or units. The provision of such information would provide the opportunity to amend the more high-risk training techniques where such techniques were not essential to achieving capability.

³³ Claims management responsibilities under the *Safety, Rehabilitation and Compensation Act 1988* with respect to ADF members have been delegated by Comcare to Defence, where they are administered by the Military Compensation and Rehabilitation Service.

³⁴ DEFCARE, the ADF's accident and injury database, was established in 1997.

4.18 Significant research on training-related injuries has been undertaken by the Preventive Health Section in Defence's Health Services Branch. The Section's *ADF Health Status Report 1999* commented as follows:

*...there is every reason to believe that most of the workplace injuries experienced by ADF personnel are preventable. ... the ADF does not currently have effective strategies for minimising preventable injuries in place. Physical training and sports injuries result in the greatest cost in terms of readiness, personnel unavailable for duty, and monetary expenditure for treatment, rehabilitation and compensation. Therefore these types of injuries should receive primary attention for prevention policies and programs.*³⁵

4.19 The perception of a significant number of military personnel, as reflected in the ANAO interviews, was that Service activities are causing an increasing level of injuries. This is because many personnel are unable to cope with the demands of unit-level physical training and are being medically discharged as a result of training injuries.

4.20 The qualitative interviews indicated that injuries, possibly leading to separations from the ADF, are often received during physical training exercises that have not been designed to minimise the risk of injuries occurring.³⁶

4.21 Table 4.1 indicates the magnitude and impact of fitness and health problems for ADF personnel.

Table 4.1

ADF Reported Casualties in 1997–98

<i>ADF Component</i>	<i>No. of casualties</i>	<i>Days in Hospital</i>	<i>Sick Days</i>	<i>Light Duty Days</i>	<i>Total Full Duty Working Days Lost</i>
Permanent	5038	1216	6287	25 141	32 644
Part-time	1067	181	689	1810	2680

Source: *ADF Health Status Report 1999*.

4.22 In 1997–98 (latest figures available), 4980 ADF workers' compensation claims were accepted. Table 4.2 shows that in 1997–98 ADF workers' compensation payments amounted to \$101.2 million and that payments across the Services have increased by almost 200 per cent in six years. A breakdown of the 1997–98 figures reveal that 38 per cent

³⁵ Begins at p. 1–81 paragraph 1.147.

³⁶ See also Audit Report No.34 1996–97 *Australian Defence Force Health Services*.

of the accepted claims were for incapacity; permanent impairment accounted for a further 23 per cent and 20 per cent concerned non-economic loss³⁷. Over half the claims received were from personnel who had been or were facing discharge from the ADF.

Table 4.2

ADF workers' compensation payments—\$ million

<i>Year</i>	<i>Navy</i>	<i>Army</i>	<i>Air Force</i>	<i>Total ADF</i>
1991–92	4.9	22.9	6.6	34.5
1992–93	7.2	24.2	5.7	37.2
1993–94	7.9	32.6	6.4	46.9
1994–95	7.6	37.1	6.9	51.7
1995–96	9.9	51.9	8.8	70.7
1996–97	13.6	66.8	11.9	92.3
1997–98	15.5	71.7	14.0	101.2

Source: *ADF Health Status Report 1999*.

4.23 A number of medical discharges are actually for, or result from, reasons other than physical training. For example, a pilot or potential pilot who wanted to be in the RAAF to fly aircraft but is unable to do so may not wish to remain in the RAAF. The ANAO was advised by the Preventive Health Section that such a member, if under a Return of Service Obligation,³⁸ may be discharged for 'medical reasons' even though the member has no medical problem. Alternatively, if they are not permitted to separate from the RAAF, psychological problems may occur, eventually leading to a medical discharge.

Conclusion

4.24 If Defence is to make the most effective use of training funds, it must try to ensure that ADF recruits stay long enough to provide a reasonable return on that investment. Not only should these people be tested to see that they have, or are capable of reaching, the required level of physical fitness, they should also be tested for motivation and suitability for long-term service in the ADF. Defence should reflect a long-term, cost-effective approach to recruiting and retaining the right people in its performance indicators and any future contract for recruiting services.

³⁷ "Non-economic loss", in relation to an employee who has suffered an injury resulting in a permanent impairment, means loss or damage of a non-economic kind suffered by the employee (including pain and suffering, a loss of expectation of life or a loss of the amenities or enjoyment of life) as a result of that injury or impairment and of which the employee is aware.

³⁸ See Chapter 2.

4.25 The ADF's physical training should endeavour to minimise the risk of injury to personnel. Defence should ensure that all physical training is vetted by personnel with appropriate expertise to minimise the risk of injuries. This vetting should also take into account the physical condition and capabilities of the personnel likely to undertake the training. Much physical training is developed in this way, but there appears to be a significant proportion of training, particularly at unit level, that results in minor or serious injuries that could be avoided with appropriate precautions. These issues were brought to notice in the *ADF Health Status Report 1999*.

Recommendation No.6

4.26 The ANAO *recommends* that Defence establish performance indicators to measure the extent to which it 'recruits and retains the right people', which is a key success factor for Defence Personnel Executive.

Defence response:

4.27 Agreed.

Recommendation No.7

4.28 The ANAO *recommends* that Defence take action to address the issues relating to physical training injuries raised in the *ADF Health Status Report 1999*.

Defence response:

4.29 Agreed.

5. ADF Personnel Research

This chapter examines ADF personnel research concerning recruitment, retention schemes, career management and health and fitness. It deals with the development and use of systems to ascertain ADF members' views on issues affecting retention and increasing the effectiveness of recruiting strategies. Relevant overseas experience is discussed.

5.1 Feedback mechanisms have been widely documented though occupational research as effective means for organisations to identify workplace issues and concerns affecting the job satisfaction and well-being of their employees. Retention of Defence personnel can be enhanced through regular, constructive feedback from ADF members. In the US in particular, significant resources have been invested in collecting and collating data to assist the senior management of the military to understand the factors that are impacting upon the morale of their troops. In Australia there is considerably less emphasis on collecting this type of information. For Defence to retain the particular types of personnel it wants to retain, more effort is required to identify the issues that are contributing to separations by these required personnel.

5.2 The ANAO has identified, through the work on this audit, several key areas that have particular impact on the career satisfaction of ADF members. These include a number of factors that members raised during the ANAO qualitative interviews with military personnel that are difficult to accurately define, such as job satisfaction, communication, leadership and for which there are no simple remedies. There are also other issues where a knowledge of what is actually happening would allow management to take immediate steps to resolve some of the members concerns. These involve areas such as the recruitment of personnel; the application of Defence retention schemes; the effectiveness of specific personnel career management; and the management of the health and fitness of ADF members. Various Directorates in Defence are addressing the issues and deficiencies they have identified in each of these areas. However, as a result of research into the approaches that some other countries' defence forces use to identify occupational and career concerns of members, the ANAO considers there are further opportunities for Defence to conduct research and analysis of these personnel issues. The greater the understanding of these issues, the more opportunity there is for Defence to create improvements in the career satisfaction and morale of its members.

Recruitment

5.3 The ANAO examined Defence Force Recruiting Organisation (DFRO) procedures for recruiting personnel who intend to remain in the ADF for a cost-effective period. Defence's recruiting research, and feedback from recruits on the efficacy of DFRO functions and services, are important in achieving improved recruit retention rates.

5.4 At present, DFRO does not undertake research on the effectiveness of its recruiting strategies. The ANAO's interviews of ADF personnel identified a common perception among recruits that the information supplied by DFRO staff at recruiting offices is often inaccurate and misleading. DFRO has not developed a system to obtain feedback from recruits on their perceptions of the accuracy of the information it has supplied. Research of this nature would be of use to DFRO in monitoring and revising its recruiting strategies to ensure that recruits are retained for a cost-effective period. The ANAO views the attainment of this information as a necessary and worthwhile first step for Defence to take towards the greater retention of ADF recruits.

Retention schemes

5.5 Retention schemes are financial incentives offered to ADF personnel as an encouragement to extend their length of ADF service. Defence has used retention schemes with increasing frequency as a means of retaining members with particular skills and training attractive to civilian employers. The ANAO sought to identify the procedures and analysis involved in deciding on the allocation of retention bonuses to particular Defence occupational groups, and was advised that a decision to extend the offer of a retention scheme for a further period involves a review of its previous success. A current review of the Pilot Retention Bonus is considering alternative payment options to increase the effectiveness of the bonus. These reviews should attempt to identify those personnel for whom the retention bonus was a significant factor in their decision to continue in the Service.

5.6 The ANAO also found that Defence has not conducted an overall assessment of the effectiveness and efficiency of retention schemes for use in the development of subsequent retention schemes. There appears to be an absence of significant research into overseas best practice in using and targeting these schemes. Defence considers that overseas defence forces have such different overall packages that direct comparisons are difficult if not impossible. The ANAO's inquiries indicate a growing belief, in the United States in particular, that retention bonuses *per se* are not a cost-effective way to retain personnel, because most

personnel who take the bonus would have stayed in any case. The ANAO was advised that many US personnel take the bonus in the expectation that, if a sufficiently lucrative prospect outside the Service should arise, they will repay it and leave anyway.

5.7 The success of retention schemes depends on factors other than the specific parameters of the scheme. Environmental considerations can also play a part. A depressed economy, for example, increases ADF retention rates. In these circumstances a bonus may be seen to be successful, although the increased retention rate was actually the result of lower opportunities for civilian employment. Alternatively, if one of the major airlines is recruiting flight engineers, a low success rate for a retention scheme could be considered successful because it helped to counter the effect of this external recruitment drive.

5.8 If retention schemes are to be effective in the selective retention of personnel, Defence needs to develop a much better knowledge of the incentives that work and the reasons for their success. To achieve this it will be necessary for Defence to consult closely with personnel to whom these schemes have been offered. In addition, the effect on ADF members not participating in these schemes needs to be considered.

Career management

5.9 Members' perceptions of Defence career management agencies play a significant part in the career dissatisfaction of many ADF members.³⁹ Personnel in the career management agencies have a good knowledge of the causes of dissatisfaction, particularly in the Other Ranks. This information is gathered from anecdotal sources rather than systematically. A system could be developed to gain a qualitative understanding of members' reasons for staying in or leaving the Services and why problems develop in particular categories of employment.

5.10 Directorate of Strategic Personnel Planning and Research (DSPPR), in Defence Personnel Executive, provides a personnel research capability to support strategic workforce planning, strategic personnel planning and advice and assistance on evaluation of personnel management policies and practices. The duties of the DSPPR are mainly concerned with quality rather than quantity issues.

5.11 In 1999 DSPPR conducted an ADF Attitude Survey, which it intends to repeat annually.⁴⁰ The survey aims to obtain information on

³⁹ See Appendix 2—ANAO Interviews with ADF Personnel.

⁴⁰ ADF Attitude Survey replaced Service-specific surveys.

issues such as supervision, service life, change, communication and management by ascertaining the feelings and opinions of a random sample of 20 per cent of military personnel. This information is to be used to monitor trends across the total ADF workforce and assist in the development of more effective ADF policies, including the management of careers and retention of required personnel.

5.12 DSPPR has also developed the Survey of Reasons for Leaving the ADF.⁴¹ This survey is part of an ongoing review of conditions of service and is designed to provide feedback to career managers as well as workforce planners. This survey, still in the pilot stage, was to be provided to separating members from February 1999. Most separating personnel interviewed as part of the ANAO surveys indicated they had not been issued with a copy of the ADF survey document. The DSPPR, at the time of the audit, had collected only a limited amount of survey data (800 from an estimated 4500 separations) and had not conducted any data analysis.

Health and fitness—DEFCARE

5.13 Research both in Australia and overseas has documented the health and fitness of military personnel as key factors affecting retention rates.

5.14 The ANAO endeavoured to obtain information from Defence's DEFCARE database to examine ADF records of the health and fitness status of its members, particularly the type of injuries and illnesses occurring most frequently and the impact they have on personnel retention rates. ADF personnel are required to complete an Accident or Incident Report form in the event of sustaining an injury or illness that requires medical attention. This form provides the primary source of information for DEFCARE. The Defence Safety Management Agency (DSMA) has estimated that only about a third of personnel actually complete the forms, and that the vast majority of minor injuries and illnesses are unreported.

5.15 The reasons provided by DSMA for this low reporting rate include the length of the form (seven pages), and the possibility that some military personnel are reluctant to report injuries and illnesses due to a perception that it may adversely affect their career. However, most significant injuries and illnesses are reported because compensation claims are usually pursued. The ANAO was informed that deaths were always included on the system.

⁴¹ The ADF exit survey for separating personnel, which replaced Service-specific exit surveys.

5.16 A data entry problem with DEFCARE relates to incorrect codification of information supplied on Accident or Incident Report forms. For example, an injury described by military personnel as a ‘drilling’ injury could be entered by civilian data processing personnel on DEFCARE as either a ‘trade’ or a ‘physical training’ injury. Further, the Preventive Health Section in Defence’s Health Services Branch considers that the data captured in DEFCARE does not allow for the actual cause of injuries to be determined.⁴² Such information would assist in developing prevention arrangements.

5.17 DEFCARE has been operational only since July 1997. Prior to this, limited data was collected by the individual Services and was viewed by Defence as unreliable.

5.18 As a result of the limitations of the DEFCARE system the Department does not know the number and type of injuries and illnesses affecting its military personnel or the number of working days lost. The information on the DEFCARE system was found to be incomplete and bias towards serious injuries and illnesses. Consequently, DEFCARE was of limited usefulness for the purposes of this audit.

5.19 Defence has acknowledged the limitations of DEFCARE,⁴³ and is developing a shorter, more ‘user-friendly’ Accident or Incident Report form in an attempt to reduce the non-completion rate and increase the system’s viability. Defence does not, however, determine the total injury and illness population independently of the Accident or Incident Report process (eg. via separate reporting by medical staff). Therefore, they will still not be in a position to ascertain the actual completion rate.

5.20 The ANAO views information on the status of ADF members’ health and fitness to be important in the development and implementation of effective preventive health measures, and encourages Defence to examine further methods of obtaining this type of information for future use.

Research conducted in other Defence Forces

5.21 Benchmarking against overseas best practice can be effective in identifying potential improvements to the quality of personnel research currently undertaken by the ADF. As part of the audit, the ANAO considered personnel research conducted by defence forces in the United States, Canada and the United Kingdom.

⁴² ADF Health Status Report 1999, p. 1–82, paragraph 1.150.

⁴³ For instance, these limitations are detailed in the ADF Health Status Report 1999.

5.22 The US Navy surveys its personnel annually. Sponsored by the Navy Chief of Staff and conducted by the Navy Personnel Research and Development Centre, this Survey is issued to around 16 000 personnel and has a return rate of between 30 and 40 per cent. The results of the Survey are used for a wide range of purposes, from introducing or changing specific policies to supporting bids for increased funding.

5.23 In Canada, the Standing Committee on National Defence and Veterans' Affairs (SCONDVA) investigated significant problems with the conditions of Canadian National Defence Force (CNDF) personnel that had been exposed by the national media. After interviewing over 300 serving and retired military personnel of all ranks, the committee produced a report with 87 recommendations for improving the conditions of CNDF personnel. This resulted in the establishment of the Quality of Life Program to implement the recommendations of the Report, with funds appropriated specifically by Parliament for the Program. The Program, and its funding, is a direct result of the SCONDVA report and an increased understanding by the CNDF of what was happening throughout the Services. This process demonstrates the value of knowing what issues are important to personnel and being able to use this knowledge to alleviate the most significant problems.

Conclusion

5.24 Gaining information about factors affecting the retention of personnel will help Defence to influence retention rates. Defence has lacked any systematic efforts to collect such information. The establishment of the Defence Personnel Executive provides an opportunity for Defence to make a concerted effort to understand the relative importance of all of the factors that affect retention. The Attitude Survey and Survey of Reasons for Leaving are good first steps towards such an understanding. The interviews conducted during this audit, however, indicate that written questionnaires are not, of themselves, sufficient to gain this understanding. It is also necessary to interview people on an ongoing basis to develop a deeper understanding of what they think about their employment in the Services. Defence also needs to establish effective mechanisms to respond to the information gathered in these processes.

Recommendation No.8

5.25 The ANAO *recommends* that Defence develop and implement a system for ensuring that it has a good understanding of the key factors that motivate ADF members to remain in the Services in the short and long terms and a sound ongoing knowledge of members' view of those factors.

Defence response:

5.26 Agreed.

Recommendation No.9

5.27 The ANAO *recommends* that Defence endeavour to make its recruitment strategies more effective in retaining recruits for a cost-effective period by studying the effectiveness of its recruiting strategies and the perceptions held by recruits on the accuracy of recruitment information provided to them.

Defence response:

5.28 Agreed.



Canberra ACT
3 April 2000

P. J. Barrett
Auditor-General

Appendices

Appendix 1

Submission by Defence Personnel Executive

Set out below is the text of Defence Personnel Executive's submission to the ANAO (June 1999).

Introduction

The ADF workforce is generated predominantly within a closed employment structure that requires a sophisticated human resource management system to ensure its effective operation. Implicit to the delivery of effective military capability in such a system is the need for a sophisticated training network. The financial overhead in the delivery of training leads naturally to the need to seek a return on initial and ongoing investment, by retaining people for a minimum period of time. Retention beyond this initial period is encouraged to both maximise the return on initial training and also capitalise on the experience gained. Noting the limited scope to recruit laterally, combined with the need to grow our experience, leaders and managers internally, there is a clear need for Defence to be active in the business of retaining the right people.

Personnel management principles operating in Defence allude to the importance of people in the ADF and its commitment to ensuring that personnel factors are given due consideration in all ADF decision-making considerations. *'People First'*, *'People Our Most Important Asset'* and *'People Our Priority'* are typical catchphrases associated with the approach that Defence takes to the management of its human resource. The success of this approach is pivotal to the application of military capability and its development because of the changing nature of the military workforce, which increasingly demands high calibre, well-qualified people.

Retention is managed through a framework of personnel policies that focus on the employment, remuneration, development and reward of our people to achieve the required outcome. Application of long-standing principles of leadership by commanders and career managers, which aim to promote esprit de corps and a continuing willingness to serve in the ADF, support these policies.

A broad-based strategic personnel planning process exists to identify significant internal and external issues likely to impact on the attraction, development, management, retention and attrition of ADF people. Ongoing and widespread review of this spectrum occurs to absorb the strategic environment and ensure the most appropriate personnel policies and strategies are in place. To support this particular process Defence is currently trialing an exit survey designed to provide feedback on the

reasons for separation, and is also developing an ADF attitude survey to replace Service specific instruments. A common survey will enable better monitoring of trends across the total ADF workforce and potentially drive the development of more effective retention policies.

A key element of the external environment is the increasingly competitive labour market which will provide a diminishing pool of quality people at graduate and secondary level from which to attract suitable candidates for military service. Retention of those who are enlisted is therefore increasingly important. Concurrently, it is acknowledged that there will also be an economic pull for highly qualified people to transition out of the ADF environment into the private or other Government sectors.

A balance is required however, between a retention-based approach and the need to encourage an ongoing and healthy flow of people through the ADF. Such a flow assists in maintaining a youthful workforce and allows those who wish to change focus, the opportunity to leave and pursue other careers. Concerted effort is made to retain the skills of those who do leave the permanent force by encouraging their participation in Reserve employment within the ADF. The important factor here is to fully comprehend the desired flow-through for each employment category. To this end, the ADF is developing a sound understanding of what is a healthy separation rate and is identifying problem employment areas requiring special examination to avoid long-term capability shortfalls in the workforce. Continuous monitoring of the workforce profile relative to the capability requirement is undertaken and options to stem abnormal separations are developed. These generally include adoption of one or more of the following:

- a. adjusting recruiting and/or training targets;
- b. encouraging re-enlistment of former ADF members;
- c. seeking Reserve personnel to transfer to the permanent force;
- d. retraining people into new employment streams;
- e. enhancing career and job prospects;
- f. adjusting remuneration; and
- g. providing financial incentives.

The organisation of the Defence Personnel Executive indicates the key responsibilities for managing the personnel spectrum. It includes:

- a. Personnel Planning—workforce planning, recruiting and research;
- b. Personnel Policy and Employment Conditions—policy, industrial relations, financial conditions and housing;

- c. Career Management—postings, promotions and personal development;
- d. Personnel Operations—administrative management, personnel and family support, amenities and pay services; and
- e. Defence Health Services.

Policy and practice

Detailed in the following sections are descriptions of the principal employment, remuneration and support activities, in place or under development in Defence, which enhance employment conditions for members in the ADF. These financial and non-financial conditions have evolved to fairly recompense ADF members for their service or to establish meaningful employment conditions within the industrial environment existing at the time. Some provisions have been established specifically to enhance retention, whilst others have a secondary retention benefit additional to their primary purpose.

Retention of members is not necessarily achieved by the introduction of any one initiative, but more through a package of measures, which assist members and their families to maintain an appropriate standard of living and enable members to meet their obligation to serve.

Education, Training and Development

The training system operating in Defence is designed to provide ADF members with the necessary skills and knowledge to enable them to do their jobs. A secondary benefit is its contribution to the future employability of ex-ADF members in the public or private sectors. Training system performance is considered to be a key element of Defence capability and assists in the attraction and retention of individuals. The system is progressively being integrated with the national education and training system and increasingly provides appropriate civilian accreditation for competencies gained. Some training is outsourced to civilian providers.

Career Transition and Education Training Scheme (CTEAS). The CTEAS proposal involves the development of a Career Transition entitlement that enhances existing resettlement provisions in terms of equity and access to benefits offered. For example, additional resettlement provisions from the five and nine-year service points are recommended, which should be seen as a form of incentive to serve beyond initial periods of service. Additionally, a more accessible education provision consolidating all current elective educational schemes, except for specific Service-required education (civil schooling) will be made available.

Career management

An important element of peacetime service in the ADF is the rotation of personnel through a variety of appointments in order to broaden the experience of individuals and to fill vacancies as they occur. This does however impact on members and their families over time and requires consideration to be given to the competing demands of operational effectiveness, career development and the disruption to family well being. A balanced approach is also required to account for the costs of frequent relocation. Current policy provides guidance on the length of postings, the need to forewarn members and the requirement to maintain geographic stability to the extent possible. Additionally, a large effort is made to personally manage members through their career by ensuring effective communication, including one-on-one consultation and the opportunity for members to participate in decisions on their future.

Employment conditions

Flexible Employment Practices (FEP) Project. The aim of the FEP Project is to develop a Flexible Career Management System (FCMS) which will improve the way ADF careers are managed, to better meet the needs of the ADF of the future and the legitimate aspirations of ADF personnel. In particular FCMS will:

- a. improve the ability to retain personnel who meet the needs of the ADF;
- b. enhance the ability of the ADF to shape its workforce and structure;
- c. provide rewarding ADF careers in which individuals have greater involvement; and
- d. enhance capability through better retention of appropriately trained and experienced personnel.

The key elements of FCMS are:

- a. all ADF careers will be divided into phases. Phases will generally be based on the existing rank system however, each ADF occupation will be examined to ensure the most appropriate phase length is selected;
- b. personnel will be employed for periods of service which align with career phases;
- c. separation rates will be reduced and managed to reduce variability. The management of separation rates will be supported by the payment of targeted completion incentives; and
- d. Service Chiefs will have the ability to separate personnel who no longer meet the needs of the ADF at the end of a period of service.

Flexible Work Practices. The four main elements of flexible work practices are:

- a. **Part-time employment**—covered by DI(G) PERS 49–3 ‘*Part-Time Leave Without Pay (PTLWOP) for Permanent Members of the Australian Defence Force*’. It covers:
 - phased return to work following career breaks, including employing personnel part time on return;
 - LWOP to allow and encourage respite, study, education, training, career development, undertake projects or perform carer responsibilities within families; and
 - job sharing, so long as the maximum number of days worked by all members is 10 days per fortnightly pay period.
- b. **Temporary home located work**—covered by DI(G) PERS 49–1 which, providing a Commanding Officer agrees, enables ADF members to work from home for a period of up to six months.
- c. **Secondments and Exchanges with non-Defence Organisations**—enables ADF personnel to gain skills and qualifications not normally available within the Services:
 - As an example, a Memorandum of Understanding between the Australian Defence Force and the IBM Consulting Group is in full operation, although currently, the agreement is a secondment not an exchange. IBM cannot afford to place one of their consultants with the ADF and not have them bringing the company a guaranteed monetary return. NAVY has also developed an internal policy for their personnel to work with Marconi.
 - Career Managers are also facilitating employment flexibility, by posting members to other Services for compassionate reasons, to overcome manpower shortages or where collocation of functions has occurred.
- d. **Variable work hours**—covered by DI(G) PERS 49–2 which provides for flexible working hours so members can pursue education and training or to meet carer responsibilities.

Financial conditions

Pay Structure Review. A new pay structure incorporating payment by qualification and skill, vice rank, will be introduced in the second half of 1999. The new structure will also include internal management of attraction and retention elements of salary. Doctors and dentists will be paid under a new structure, which will reflect outside relativities and reward increased qualification and experience.

Flexible Remuneration Packaging. Salary-sacrifice arrangements will be in place by the end of April 1999 to provide members with the same tax saving advantages available in the private sector.

Allowances. Allowances are designed to provide compensation for individual factors (qualification, skill or disability incurred) or recompense at a reasonable level for costs incurred. These factors can be present in an allowance in isolation, or in combination with other factors. For example, the structure of Flying Allowance recognises qualification and skill in one component and the disabilities associated with flying in another separate component. Similarly, District Allowance provides recognition of disability (isolation and climate) and recognition of a reasonable level of increased costs incurred (cost of living). A new mobility allowance, which targets the disadvantages of frequent postings, will be introduced in the second half of 1999.

Allowance Reviews. Allowance reviews are generally conducted when there are significant attraction and retention problems. Examples are Submarine Service Allowance, which was reviewed at the DFRT in May 1999 to enhance retention, and Flying Allowance which was reviewed in 1996 to recognise direct flying experience.

Retention Bonuses and Completion Incentives. As noted earlier, financial incentives represent the final tier of options to stem separations. Bonuses and incentives adopted within the ADF include:

- a. First Pilot Retention Bonus, 1988–1994 now closed (\$70K for 6 years);
- b. Second Pilot Retention Bonus, commenced 1996 (\$120K for 5 years, \$75K for 4 years and \$50K for 3 years);
- c. Navy Observer Bonus, commenced 1998 (\$100K for 5 years, \$65K for 4 years and \$40K for 3 years);
- d. Air Traffic Control Bonus, commenced 1996 (\$70K for 5 years);
- e. Flight Engineer Completion Incentive, has been approved and will be introduced by the end of April 1999 (\$105K for 5 years, \$70K for 4 years, \$45K for 3 years); and
- f. Medical and Dental Bonus, commenced 1997 (\$90K for 3 years).⁴⁴

Superannuation. The MSBS scheme provides a retention benefit (1 year's salary bonus) for selected members who complete 15 years of service and agree to serve for another five years.

⁴⁴ Completion Incentives for Submariners, Marine Technicians and Pharmacists are being considered.

Support to members and families

A broad range of support is available to ADF members in the form of social work, family liaison, education options assistance, assimilation of families into the community, provision of amenities and child-care facilities, financial counselling, financial loans and support to families when the member is on a deployment.

Housing and Accommodation. Married quarters and living-in accommodation are provided to meet an operational requirement for mobility. Where the ADF is unable to provide this accommodation, an allowance is provided to assist members with procurement of suitable accommodation from a commercial source.

Health Services. All ADF members receive health service support provided by Defence. To varying degrees members are not required to contribute to Medicare.

Appendix 2

ANAO Interviews with ADF Personnel

Purpose of the interviews

1. During the audit, the ANAO conducted interviews with a diverse sample of 236⁴⁵ ADF members. The purpose of these interviews was to identify the issues perceived by a range of members as most important to the retention of military personnel, with a view to further investigation of these issues, particularly in relation to Defence Personnel Executive (DPE) policies and guidelines. With the exception of basic demographic details, the interviews consisted of open-ended questions encompassing:

- issues specifically pertaining to retention, as identified through research of previous ADF documents and reports, overseas Defence agencies, and other related materials;
- issues raised by the personnel as being of importance to their continued career in the ADF, or of importance to the careers of fellow members; and
- suggestions for possible changes to improve personnel retention rates.

Interview methodology

2. As the purpose of the ANAO interviews was to gain an overview of the issues ADF personnel viewed as important to their ongoing employment with the ADF, the interviews were not designed to obtain information to be analysed statistically. There were several important reasons for this. First, the ANAO was not attempting to quantify in statistical terms the reasons that members separate from the ADF. Quantitative information, including statistics of personnel separation rates, recruitment intake, current membership and other statistical information of relevance to this audit had been collected both in the preliminary study, and in subsequent investigations of DPE workplace policies and practices throughout the audit.

3. Second, Defence recently commenced using two ADF-wide personnel surveys: an exit questionnaire titled Survey of Reasons for Leaving the ADF; and The Australian Defence Force Attitude Survey, designed to assess the attitudes of all Defence personnel, military and civilian, to Defence quality of life issues and working conditions. The ANAO recognises that both surveys have undergone considerable planning, testing and implementation by Defence and have the capacity to

⁴⁵ For a detailed account of the interview population, see the Attachment to Appendix 2

encompass a far larger population, with greater reliability and validity in terms of the surveys' results, than was possible within the scope of this audit.

4. Last, the virtues of qualitative research⁴⁶, including open-ended interviews, have been widely recognised and utilised within both academic and professional research for the advantages they offer over more common quantitative and survey-based research. These virtues hold as long as the survey is reasonably representative and not used unwisely for unwarranted conclusions. Qualitative research enables the researcher to understand and capture the points of view of other people without predetermining those points of view through prior selection of questionnaire categories. Further, qualitative research techniques offer flexibility in research, advantages under time restrictions and scope for further exploration of concepts and issues throughout the fieldwork process. As previously discussed, the purpose of the interviews was to explore ADF members' views on the most important issues they perceived to affect their career. Consequently, the ANAO considered that, in this case, open-ended, qualitative interviews provided greater opportunity for a suitable sample of ADF personnel to voice their views and opinions on such issues with more depth and clarity and less restriction than is possible through the use of written, structured questionnaires.

5. Therefore, as the interviews were intended as a scoping study for the identification of issues perceived by ADF personnel as relevant to personnel retention, the selection of locations and personnel for the interviews did not require the rigour and control normally applied to statistically-based studies. The method the ANAO used in obtaining interviews with ADF personnel is referred to as maximum variation sampling.⁴⁷ This technique is one of several types of purposeful sampling,⁴⁸ and aims at capturing and describing the central themes that cut across variation in a diverse sample; for example, that of ADF members and their careers. The logic of this sampling method is that any common themes that emerge from the varied sample of ADF personnel are of particular interest and value in capturing the core experiences and central, shared aspects of the issues affecting members' satisfaction with their ADF career.

⁴⁶ See Patton, M.Q. (1990) *Qualitative Evaluation and Research Methods* (2nd Ed.) Sage: Newbury Park.

⁴⁷ Patton, M.Q. (1990). *Qualitative Evaluation and Research Methods* (2nd Ed.) Sage: Newbury Park.

⁴⁸ Purposeful sampling is a recognised qualitative research technique that involves selecting information-rich cases from which a great deal can be learnt about the issues of central importance to the research. By contrast, statistically-based and quantitative research typically involve probability, or random, sampling, to enable results to be generalised to a wider population. See Patton (1990) for a detailed discussion of Purposeful Sampling techniques.

6. Consistent with this method, the ANAO actively sought to cover a broad range of locations and personnel in conducting the interviews. However, three factors were significant in determining our sample:

- Location—due to the well-documented role that postings play in influencing the longevity of ADF members' careers, the ANAO included personnel from military establishments where location may be of particular importance. Remote locations include Robertson Barracks and RAAF Tindal in the Northern Territory, and HMAS *Stirling* in Western Australia. Central locations included the Garden Island base and Holsworthy Barracks in New South Wales.
- Rank—the ANAO interviewed personnel from a wide range of ranks, in both the officer and other-rank career streams. However, due to the established importance of recruiting and training in determining retention levels of junior personnel, the interviews specifically included recruits from training establishments for each Service, as well as management and supervisory ADF staff in direct contact with the recruits.
- Occupation/Trade—the personnel interviewed for this audit were from diverse occupations and trades within the ADF. In addition, the ANAO focused on several occupational groups identified as suffering significant retention problems. These included Fast Fighter Jet Pilots and AB and LS Marine Technicians.

7. The interviews were arranged with assistance from administrative officers at each of the establishments who were responsible for organising personnel to be interviewed on the basis of our specifications. With the exception of obtaining demographic details, the interview questions were open-ended in nature, to provide the personnel with freedom to discuss the issues they viewed as of particular importance to the topic. They participated voluntarily and with assurance of complete anonymity and confidentiality.

8. In total, 236 ADF personnel were interviewed from 14 military establishments across Australia. The information yielded from the interviews was summarised and, by content analysis, the most frequently identified issues, both for the interview population as a whole and for sub-populations, were extracted. Most of the information provided the ANAO with support for further investigation of issues relating to workforce planning, career management, change management, health and fitness, recruiting and training, and quality of life, as discussed below.

9. In addition, the interviews revealed issues relating to manning shortages, job satisfaction, job security, skills and qualifications and

military ethos and morale, which were all of perceived significance in ADF personnel retention and separation. For training personnel (recruits), specific issues were examined including their career perceptions and expectations; the role of the recruiting organisation and staff; and the perceptions of training officers and personnel on the standard of recruits.

10. This appendix reviews the responses of the personnel to the interview questions and summarises, with the use of direct quotes from the interviews, the most prevalent attitudes and opinions that emerged from the interviews. It is included to provide to the reader an understanding of the context of the report. Members' views reported below are not to be taken to be those of the ANAO.

ADF training personnel

11. The ANAO conducted interviews with training personnel at RAAF Pearce, HMAS *Cerberus*, ARTC Kapooka, ADFA and Royal Military College (RMC), and with trained personnel at each of these establishments who have direct contact with recruits through instructing, supervisory, or management positions. ANAO research of issues affecting the retention of military personnel, both in Australia and overseas, indicated that recruitment is likely to play an integral role in the long-term retention of ADF members. The interviews conducted with ADF training personnel therefore examined a number of issues specific to recruit training, which are discussed below.

Why did the recruits choose to join the ADF?

12. Each recruit interviewed for this audit was asked why he or she chose to join the ADF. Most gave more than one reason. The most frequent responses included a history of family membership in the ADF; the desire to gain specific training, education and qualifications; and the appeal of the military ethos and way of life. Many recruits had been cadets at school or had been in the Army Reserve and, as a result, had decided they wanted a military career. Many also joined for the job security offered by a military career. A significant number of respondents simply answered "*I just always wanted to*" and "*I knew when I was young that it was what I wanted to do*". Some were attracted by the excitement and challenge, or for a change in career or lifestyle. Pay was mentioned by a small number of recruits—"it's good money"—but overall it was the least-cited reason for joining the ADF.

Do recruits view the ADF as a career or a job?

13. All recruits were asked to indicate whether they presently viewed being a member of the ADF as a long-term career, or a job for the short

term. The overwhelming proportion of recruits indicated that they joined the ADF for a career, and a significant number made reference to “*doing 20 years*”. However, there were qualifications to many of the responses; for example, several trainee pilots stated that they viewed the Air Force as a career provided they could stay flying. Other recruits referred to possible future complications associated with postings, pay progression, and job security. Some viewed the Services as a job or a short-term career to lead to future work outside the ADF, and “*to earn money and get a university degree*”. The remaining few still had not reached a decision regarding their career, often explaining that they would “*wait and see*”, and decide at the completion of their ROSO.

How accurate was the information provided by recruiting personnel?

14. The ANAO asked recruits what they felt about the accuracy of information given to them at Defence recruiting offices. The vast majority of responses were negative and included comments such as “*the people at Recruiting knew little beyond their specialist area*”, and “*they do what they have to do to get people in*”, and were made in reference to several facets of the recruiting process. Some recruits were dissatisfied with the disclosure of information regarding career options within the Services. For example, several trainee pilots believed they had been “*pushed towards ADFA*”, and a number of Army recruits felt they had been misled in being told they could choose the Army corps they joined after Initial Entry Training (IET). There was also some dissatisfaction with administrative information provided on conditions of service and descriptions of the lifestyles of Service personnel.

15. Recruits were varied in their opinion of the accuracy of information supplied by recruiting personnel. Many believed that recruiting staff simply “*gloss over*” the less attractive aspects of military life and “*tell recruits what they want to hear, to get them in*”. Other recruits expressed anger and disillusionment at having been, in their opinion, deliberately misled.

16. Other frequent responses from recruits to this question were generally “*yes and no*”, indicating that some aspects of recruiting information had been accurate but that other aspects were not. A number of the recruits who believed that recruiting staff had given them accurate information had conducted their own research into career options in the ADF, such as visiting military establishments to discuss their queries with Service personnel. A recruit who did this explained that if he had relied solely on the assistance of the recruiting personnel he “*may not have ended up here [in the ADF]*”.

Do recruits believe that their expectations of an ADF career had been met?

17. Although most recruits interviewed felt the information provided by Defence recruiting personnel was inaccurate, they believed that their expectations regarding their career and lifestyle as an ADF member had generally been met. Again a large number of the responses were in a “yes and no” fashion, indicating that although the recruits had anticipated certain aspects of the ADF lifestyle, there were some things that they had not expected, or had misunderstood. An army recruit expressed the sentiments of several members of his platoon in stating that he had not expected “*the classrooms or the ironing*”. Furthermore, a significant proportion of those who responded positively to the question had the benefit of ‘insider’ information provided by family members and/or friends who are, or had recently been, serving ADF members.

Are recruits satisfied with their pay?

18. The issue of salaries was raised by only a small number of the training personnel interviewed for this audit. Most responses concerning rates of pay were favourable, indicating that remuneration is not among the more important factors for recruits in separating from the ADF.

Have there been changes in the standard of recruits undergoing IET⁴⁹?

19. This question was raised with most trained personnel at each establishment, but particularly with personnel at training establishments. The majority of opinions given by personnel at training establishments regarding the quality and standard of recruits were unfavourable. Reasons included a perceived lack of discipline and “*no respect for rank*”, medical problems and poor physical fitness. Others perceived the problems with recruit standards as stemming from an apparent recruiting focus on quantity, not quality, of recruits, or from targeting the ‘wrong’ type of people for entry into the ADF. One member argued for “*the need to focus on effective recruiting, as the type of people the Army could rely on is fading away*”.

20. A number of Army personnel at training establishments believed that apparent problems with Army recruits are associated with the reduced length of IET and the combining of Regular Army and General Reserve training under the ‘One Army’ concept, which some say is producing a “*half-trained soldier*”. Another suggested explanation, echoed by personnel in training establishments for the Navy and Air Force, is the perceived

⁴⁹ Initial Entry Training.

softening of training instructors' disciplinary authority in response to “*political correctness*” and society's expectations. One member commented that “*the public expects you to kill someone but to be a sensitive new-age guy when you do it*”.

21. However, some of the longer-serving members indicated that the present recruits were equal to or better than past recruits, particularly in their education—“*recruits are more academic*”—and their intelligence. Personnel who expressed these views had generally at least 20 years' service in the ADF.

22. Many trained personnel argued that a significant part of the problem regarding the standard of recruits is that they are under-trained and under-prepared for entry at the unit level. An Army instructor commented that “*those going to units are sub-standard*”; another member explained that, because of the “*shorter training period to punch numbers through, recruits aren't properly trained now*”. Many members perceive under-trained recruits to have created a multitude of problems for personnel who have to spend large amounts of time training the recruits in aspects of their work they should have learnt during IET.

23. The perceived problems ranged from a lack of awareness of the military rank structure and other basic “*fork and spoon*” knowledge, to the more fundamental aspects of their occupation or trade at their unit. A recruit instructor commented that “*those going to the units are sub-standard*” and another army member commented that recruits “*aren't getting basic soldiering skills, and some need to be sent away to catch up.*” Under training of recruits is seen by many personnel as a frustrating aspect of their job that both reduces unit capability and increases workload. Various members remarked that “*poor recruit skills bring down the tolerance of instructors*”, and that “*as training isn't long enough, recruits aren't broken and so they bring in bad habits*”.

ADF trained personnel

24. The ANAO interviewed trained personnel at a variety of establishments for each of the Services. Interviews were conducted with Navy personnel at HMAS *Stirling*, HMAS *Cerberus*, HMAS *Coonawarra* and Garden Island Navy bases⁵⁰. Army personnel were interviewed at Lavarack, Robertson, Holsworthy, Randwick, Kapooka and other barracks, and at RMC. Air Force personnel were interviewed at Tindal, Townsville and Pearce RAAF bases.

⁵⁰ HMAS *Coonawarra* and the Garden Island locations were used to interview sea rostered personnel.

For what reasons would personnel leave the ADF?

Personnel postings

25. Posting (transfer to another military post) is a Service requirement that has been identified by the ADF and through this audit as a significant factor in members' career satisfaction. Most members we interviewed chose to discuss postings among the issues they considered to be important to personnel retention in the ADF. The majority of these personnel were generally satisfied with their previous and present postings.

26. However, there was a common awareness among personnel from each of the Services that postings can have adverse effects on children's schooling and spouse employment. Many members expressed concern about future postings, and nearly all married members had experienced a degree of discomfort to their families as a result of location instability and frequent moving.

27. For most personnel, and particularly for Army members, the majority of problems related to spouse employment—mainly wives who have to leave a job and try to find another in a new location. One member recounted in her interview how her marriage ended through being unable to be posted with her husband. Personnel asserted that postings had led to marriage breakdowns between Service personnel. Regular relocation was said to be extremely disruptive to children's education, and some members spoke of problems with the quality of educational facilities available to their children in particular posting locations. Conversely, some members perceived the Services to be especially considerate of family needs in allocating postings; one member said that "*the Army has gone out of its way to keep families together*", and another explained that the Air Force "*has been great*" about keeping him and his wife at the same location.

28. Navy personnel had also experienced problems with the location instability of postings that disrupted spouse employment and children's education. However, most of the concerns were related to the Naval Sea/Shore roster, particularly in terms of the amount of time spent at sea, and the number of shore billets that were disappearing through CSP. For example, cooks were said to be disadvantaged because there were few shore postings available for their trade, and non-trade shore postings reduce their skills. Air Force pilots were unenthusiastic about future postings involving ground jobs, often referred to as "*flying a desk*". Several said that such postings would prompt them to discharge from the Air Force and to seek employment as a pilot with a civilian airline.

29. Other members expressed some dissatisfaction with particular posting locations. Postings to RAAF Tindal, Robertson Barracks and HMAS Coonawarra in the Northern Territory were often cited by personnel in the south as unattractive because they were so far from friends and family. However, personnel we spoke to in the north were generally satisfied with the location. Some Army personnel pointed out that, with the recent relocation of units to Darwin, there were no longer 'respite' postings available for their unit. Several members complained that their posting preferences had been disregarded.

30. In general, the majority of members we interviewed believed that personnel satisfaction with postings is mostly contingent on the Services ensuring that the needs and welfare of families are provided for. For this reason, many members viewed postings as more beneficial for single personnel than for married members with family commitments and considerations.

Commercial Support Program (CSP) and civilian contractors

31. Members were asked about the impact on retention of the increasing use of CSP and civilian contractors in many occupational areas throughout Defence. Responses were varied, both between and among the Services. A significant number of members perceived CSP and the role of civilians to have been of benefit to the Services by releasing money for the 'sharp end' and freeing Defence personnel for more important duties. This view was more prevalent among personnel in Air Force than in Army or Navy, and many Air Force members conceded that they had little contact with contractors and knew little of them or their services.

32. However, most personnel who discussed CSP perceived the impact to have been negative and felt that CSP was "*poorly implemented*" and had "*gone too far*". There were frequent comments about a perceived decline in the quality of services and administrative support provided under CSP and that "*civilians aren't accountable to Defence*". For some members, there were clear tensions regarding civilians' commitment to work. According to a Navy member "*civilian contractors don't work to Navy guidelines, they cut corners to save costs and don't understand what the Navy really needs*". Similarly, several Air Force members involved in aircraft maintenance expressed concern that work standards in the hangars had dropped considerably as a result of civilian contractors. Many others from each of the Services mentioned a drop in the quality of food and service provided in messes.

33. Army and Navy personnel often stated that civilians are taking many jobs and postings options that rightfully belonged to Defence members. A soldier commented that CSP had disadvantaged the Army and that

“the ‘civies’ are doing the job of a soldier”. For Navy personnel, CSP meant a reduction in the availability of shore postings, and the availability of jobs for military staff in administrative and supply jobs. A Naval Administration Officer we interviewed was leaving Navy because her category is to be disbanded and there were no employment alternatives in the Navy she believed she would enjoy.

34. There is a common perception that the skills, experience and general capability of military personnel, and the ADF itself, are being eroded through the increasing use of civilian workers and that morale is being lowered.

ADF conditions of service

35. Members were asked about ADF conditions of service such as pay, allowances, housing and accommodation, superannuation, and hours worked. A number of members were reasonably satisfied with the conditions of service they received in the Services. However, changes to conditions of service in recent years were perceived by most to have been to the detriment of the personnel. An Air Force officer commented that *“quality of life is decreasing, and so is morale”*, and another claimed that members’ entitlements are *“constantly eroded; it seems that things are constantly being taken away.”* Changes were often described as occurring *“for change’s sake”* and were said by several to have reduced the incentive for people to join and remain in the Services. Several members believed that the changes have been too rapid and had *“created a lot of fragmentation”* within the Services.

Pay and allowances

36. Not all members viewed remuneration as an issue affecting their retention in the forces, though responses to questions regarding ADF pay and allowances varied greatly between the Services. The majority of Army and Air Force personnel interviewed were generally satisfied with their pay but Navy personnel were generally dissatisfied with their pay. Some members viewed money as an important factor in personnel retention and believed that, as stated by a sailor, *“if you want to keep people in, give them more money”*. However, most personnel viewed pay as secondary to job satisfaction among the various personnel retention issues.

37. The most frequent explanation for dissatisfaction with pay among personnel from all Services is the perception that the pay they receive is not commensurate with their heavy workload or the long hours they put in to complete extra tasks. There is a widespread belief that for a similar

level of performance in the civilian workplace they would receive overtime pay and 'flex time'. Rates of pay themselves were often regarded as satisfactory. However, many perceived the progression of pay through the higher ranks to be poor and not commensurate with the workload and demands at senior levels.

38. Among Air Force pilots there was a great deal of variation regarding the importance of pay to job satisfaction and pilot retention. Several said that pay “*is not a retention issue*” and that it wasn’t “*a major factor*” in joining the RAAF. However, some pilots conceded they would eventually seek employment as a pilot with a civilian airline or as a training instructor for foreign military forces, for the higher salaries offered. Retention schemes for pilots were seen to be of little value; the pilots interviewed who had accepted a bonus revealed that they chose to do so despite having no intention of leaving the RAAF. Others stated that it would provide little incentive for them to stay in the RAAF and that, in deciding whether to leave, considerations other than money are relevant, such as the age at which commercial airlines and other employers will accept pilots.

39. Navy and Army personnel indicated greater dissatisfaction with the provision and adequacy of Service allowances. A number of sailors were unhappy with the sea-going allowance, and viewed it as inadequate compensation for the conditions and complications of sea-service. Both Navy and Army personnel in certain locations were ineligible for air-conditioning allowance, which is made available to other Service members in similar climates. Many members of Army’s 1 and 3 Brigades viewed field allowance as inadequate in relation to the workload and hours required. Recent changes to Remote Locality Leave allowance, and other allowances previously paid as a lump sum, were also seen by many members as detrimental and an “*erosion of Defence conditions of service*”.

Work hours

40. Navy, Army and Air Force personnel who discussed work hours as an issue affecting personnel retention were almost unanimous that they were working long hours too often. The perception that Defence personnel are constantly “*doing more with less*” was frequently mentioned. A widely-held view was that excessive workload and long days resulted from Defence Reform Program⁵¹ reductions of personnel to a point that most members believed was the Services’ minimum “*critical mass*”.

⁵¹ The Defence Reform Program was initiated in 1997 by the then Minister for Defence.

Further, many members explained that, despite their long hours, they still were unable to complete all work tasks satisfactorily, and the quality of their job performance had declined as a consequence. Several members working in administrative positions complained about a workload that was previously distributed amongst 3–4 employees. Others spoke of stress experienced by staff in areas where personnel numbers had been halved but the workload had, by way of other Defence reforms, increased. Some personnel believed that staff reductions had increased the efficiency and quality of the ADF, and had removed a lot of the ‘dead wood’, but most believed that reductions in personnel numbers had gone too far.

Superannuation

41. For a large number of personnel interviewed, particularly those who had joined the ADF recently, superannuation was not important at this point in their career. Members who had served for at least 10 years generally viewed the change from DFRDB to MSBS as detrimental to the retention of personnel in the ADF. Many perceived that the change to MSBS had created dissatisfaction among members and affected the duration of many members’ careers.

42. Some members viewed MSBS as a positive change; many of these did not intend to serve many years in Air Force, and others had found MSBS to be more appropriate to their needs. However, most of those who changed from DFRDB regretted the decision. The most common complaint regarding MSBS was that “[the ADF] keep changing the goalposts”. There is also a widespread view that the abolition of DFRDB had removed the incentive for members to make a career in the ADF, and that, due to a lack of financial incentive, people preferred to join only for a short period of time. Promotions in the lower officer ranks of Army are seen by many to be too accelerated, in order to compensate for the vacancies left by personnel leaving after only a few years’ service.

43. Further, there was a perception that the changes to the superannuation scheme also discouraged longer-serving members from retiring at 20 years’ service, thus ‘clogging’ promotion prospects for others and creating a lot of ‘dead wood’ in the Services. Several Army members believed that positions were no longer being cleared to allow personnel to move up into promotions in the middle ranks. Of the personnel who remained with DFRDB, all were satisfied with their decision. Many of these members declared that “*if I’d changed over I probably would have left by now*”.

Housing and accommodation

44. Personnel interviewed, from all Services, were mostly satisfied with the quality of their housing provided by the ADF. Some noted that present housing available was far better than in the past. However, a significant number of personnel had experienced problems with Defence housing: some problems were specific to particular establishments and to the type of accommodation—single or married quarters, on or off base—and others were common to members of all three Services.

45. Several Army members in Townsville and Kapooka were dissatisfied with the single members' barracks accommodation, described by some as “*dog-boxes*” with minimal space, a lack of privacy and poor facilities⁵². Further, some Navy personnel posted in Sydney were housed in married quarters situated at Holsworthy, at least 70 minutes' travelling time from the base at Garden Island. The members expressed concern that this travelling time, and long hours at work, reduced the time available for them to spend with their families or for leisure activities.

46. The most frequent accommodation-related complaint from members of each Service was that, although the standard of housing had increased, the amount of rent charged was too high for what they received and in many cases it was just as cost-efficient to rent civilian housing. Further, many members had experienced considerable delay in repairs and maintenance to their Defence houses. Some members spoke of problems regarding the space available for storing their personal possessions.

Career management

47. Some members interviewed were satisfied with assistance received from their Service career management agency, and were pleased with the outcome. But the majority of personnel interviewed were dissatisfied with their Service career management agencies and the assistance they had received on postings and promotions opportunities. Most considered that Service career management agencies were not interested in assisting them with effective career planning. The level of contact with career managers is, according to many members, inadequate, and their primary focus is on filling vacancies or “*putting pegs in holes*”, rather than giving consideration to the members' preferred postings or skills and qualifications. One member recounted how he attempted to negotiate future postings with a career manager but was told that “*SCMA [Soldier*

⁵² Construction of new accommodation in Townsville commenced in January 2000 and has an expected completion date of December 2001.

Career Management Agency] doesn't do deals". Others complained of not getting a desired posting or placement on a promotion course, and some believed they had been given misleading or inaccurate information regarding available career options.

48. Several members said that the agency officers were unskilled and inexperienced in career planning. One member described the agencies as "*crisis management centres, not career managers*", and the process of allocating postings was, in one case, likened to placing "*square pegs in round holes*". Furthermore, a number of personnel perceived that career managers give priority in postings and promotions courses to personnel whom they know. One member said that "*SCMA look after their mates*" and another said that, because of his personal friendship with his career manager, he had been "*looked after*".

49. Despite the dissatisfaction with ADF career management, many believed the task faced by the career management agencies to be especially difficult. A few members noted that "*they are worked to the bone*", and that "*they do their best*". However, the majority of personnel interviewed believed ultimately that "*career management is up to the individual*", that they are responsible for their own career management and cannot rely on the relevant agency to assist them.

Performance review and promotions

50. Almost all interviewed personnel perceived their Service performance assessments to be subjective, inconsistent, biased and "*only as effective as the person who writes them*". Most believed that the results were influenced more by an individual's ability to get on with their supervisor rather than on ability and performance at work. Several members said that "*if you're outspoken, you get a bad report*".

51. Despite the perceived shortcomings of the performance assessment process, few members were actually unhappy with their reports. However, some believed that they had missed promotions because of biased or unfair performance assessments by supervisors with whom they had experienced differences in opinion or personality. Conversely, members who were particularly positive about the process had generally received favourable reports and climbed rank quickly. Several members said that there needed to be upward as well as downward appraisal, and better training for officers and senior non-commissioned officers on how to conduct a performance appraisal.

52. Relatively few members considered that promotions and promotional prospects in the military were a key aspect of personnel retention. However, several Army personnel stated that promotions for Army

officers were too rapid, causing a loss of experience and knowledge of longer-serving members and resulting in ineffective officer leadership. Some female Army personnel believed that being restricted to postings with non-combat units disadvantaged them in gaining promotions. One female mechanic explained that, due to her gender, she had been passed over in promotions because the only available promotions involved postings to combat support units that excluded women.

53. Promotional opportunities were also perceived by some Air Force personnel to be rare or “*non-existent*”. However, for some pilots there was a concern that rapid promotion would be detrimental to their tour opportunities. A pilot expressed discontent at missing the opportunity to complete a second tour with an F/A-18 fighter aircraft squadron due to his accelerated promotion through the ranks. Another pilot explained that this is not uncommon as pilots often feel pressure from senior Air Force leaders to accept promotions and move into other postings and positions, despite preferring to remain in a lower rank in order to continue flying.

ADF leadership

54. Personnel from each of the Services frequently expressed concern about matters relating to leadership, particularly in terms of management and communication from the senior ranks, perceiving it to be ineffective or, in some cases, “*non-existent*”. There is a common belief among the majority of personnel that senior leaders have little concern for the lower ranking members. A sailor commented that “*the Navy doesn’t care for its personnel...many people are more concerned with managing upwards.*” Similarly, many Army personnel perceived the absence of communication to be indicative of senior officers’ disregard for the welfare and opinions of the soldiers.

55. Members offered various explanations for senior leaders’ lack of effective communication. Some believed the problems regarding leadership are a result of poorly skilled personnel in middle management. A soldier explained that the styles of communication for officers and soldiers are different and that these differences weren’t being considered when information was being disseminated; as a result, messages weren’t being understood and passed on. Another soldier suggested that there be a breakdown of information in terms of relevance to the different ranks, so there would be greater understanding of issues and more effective communication.

56. Many personnel, however, perceived senior Defence leaders to be more concerned with satisfying political agenda, and claimed that many decisions made at the higher level are motivated more by personal career aspirations and political influence rather than by what is best for the ADF and its members. Poor leadership skills were also blamed by several members as being the primary cause of perceived discipline problems in the lower ranks of the Services.

Skills and qualifications

57. Almost all personnel interviewed for this audit believed that through their work in the ADF they had acquired various skills and abilities useful in future civilian employment. These included formal civilian-accredited qualifications gained through a specific trade, occupation or degree. However, the majority of these personnel viewed their skills as personal qualities gained through training and experience, such as people management, leadership, discipline, and responsibility. Several members indicated that employers benefit from employing ex-Defence people, who bring “*skills and training above and beyond civilians.*”

58. A significant number of personnel, however, expressed dissatisfaction with what they perceived to be a lack of marketable qualifications or skills to be gained through ADF employment. One member commented that “*many soldiers have skills that aren’t readily employable outside the Army*”, and another saw himself as virtually unemployable outside the Army, citing it as one of the main reasons he would choose not to discharge. Another member, who was discharging, was experiencing problems in finding civilian employment due to the lack of formal recognition for his trade. He explained that, despite being fully trained “*it’s difficult to prove [he’d] done it, as most employers want to see the piece of paper.*”

59. Of the members we interviewed, Navy personnel referred to skills and training they had attained through ADF employment more frequently than members of the Army and Air Force. Many of the Navy personnel had skills and qualifications recognised and sought by civilian employers. However, a significant number of Army and Air Force personnel perceived their skills to be of no use to the civilian community. Many believed that ADF personnel should receive more recognition for their skills and abilities, and that Defence should make more of an effort to ensure that the skills and training of their personnel are civilian accredited wherever possible.

60. Several members also believed that separating ADF members are not given enough assistance in finding civilian employment, particularly in terms of writing job applications, attending interviews and “*talking like civilians*”. According to an officer we spoke to, “*Defence people often undersell themselves.*” Another member explained that there is “*little assistance in preparing for outside life; there’s no certificates or recognition of army skills and qualifications*”.

Physical training

61. Physical training requirements were referred to by Army personnel more frequently than by Navy and Air Force personnel. The majority of Army personnel who discussed physical training (PT) believed the level of physical fitness in Army had dropped, and that PT was too easy and too infrequent. One member commented that “*despite AIRN [Army Individual Readiness Notice] there are still people in [Army] who can’t pass a BFA [Basic Fitness Assessment]*”. Some personnel, however, found certain aspects of PT problematic, such as the lack of recognition for effort as distinct from performance, and the lack of allowance for physical differences, particularly between males and females. One member considered that the introduction of females to the Army must have “*lowered physical fitness standards.*”

62. There were concerns amongst many personnel that perceived low levels of physical fitness and capability were contributing to an increase in injuries during training. In addition, PT requirements may be, in some instances, placing members under excessive or unnecessary physical duress. For example, a junior-ranked soldier we interviewed was facing medical discharge on the basis of permanent back injuries sustained during a PT session. However, contrary to the majority of personnel we interviewed, some longer-serving soldiers were of the opinion that the fitness of Army personnel was, in general, better than in the past.

63. A small number of Navy sailors discussed problems they perceived with the physical standards and requirements for entry to the Navy, particularly in relation to Body Mass Index scores, which were regarded as discriminatory and inappropriate for determining physical capability of potential sailors. Other Navy personnel viewed the physical training for recruits as too demanding, and one recruit recounted seeing female recruits in tears after “*4am runs with ropes*”, and seeing many others discharge as they found the training too difficult. None of the Air Force personnel we interviewed raised PT and fitness as issues affecting personnel retention.

Conclusions: suggestions for improving ADF personnel retention

64. At the conclusion of the interviews, the ANAO asked members for suggestions regarding changes that could be made to improve career satisfaction and personnel retention in the ADF. Relying on their own experiences and observations for guidance, most personnel contributed at least one suggestion, and many members offered several. The responses fell into several categories: personnel management; career management; the Defence organisation; conditions of service; recruitment; job-related issues; and other issues. The frequency of suggestions for the various categories may not necessarily be indicative of the level of perceived importance of the issues to personnel retention, but may reflect the members' perceptions of more practical or accessible solutions to the issues they identified.

65. The most frequently-offered suggestions concerned occupation or trade. They related to occupational and trade training; workload; hours; equipment; physical training requirements; travel opportunities; and qualifications gained through ADF employment. There were many requests for *"careers that offer civilian-recognised qualifications"* to give personnel who separate a greater chance of finding civilian employment and facilitate a *"better transition to civilian life."* Several members, particularly in Navy, believed the Services should *"give the people in the jobs a say how things are run."* Others suggested the provision of better equipment for personnel to assist them in performing their duties more effectively, thereby increasing their job satisfaction.

66. Many Army members perceived the need for greater opportunities in occupational and trade training and professional development. There was an identified need to better equip personnel with the skills needed to perform their work efficiently, and to remain competitive in their jobs, and in the civilian job market. Army's AIRN requirements were seen by several members to have created a loss of knowledge in the Service through the medical discharge of soldiers and officers who were older or less physically capable but more knowledgeable and experienced. Navy personnel were dissatisfied with impromptu changes to ship sea programs, and several members suggested that Navy *"get the ships program established so sailors can plan their futures better."*

67. There were several suggestions for changes to personnel career management. This category encompassed such topics as career management agencies; postings; performance reviews and promotions. This group of issues was also the most important for Air Force personnel,

who provided half of the suggestions given in this category. An issue common to the three Services was the need for better personnel career management and more assistance from the career management agencies, as “*many people can’t see where their career is going.*” This suggestion was often made particularly in reference to lower ranking personnel, whom many believed should receive career management from the beginning of their ADF career.

68. Others sought “*more stability in postings*”, and suggested that career managers match postings with members’ skills and abilities, rather than simply filling vacant postings with personnel selected on availability or rank. Some personnel also requested that members’ posting preferences be given greater weight in the allocation of future postings.

69. Suggestions for changes to service conditions and allowances were also frequent in the context of the effect that ADF service requirements have on families, particularly on children’s education and spouse employment. Few members had suggestions for improving the identified problems, but there was a clear belief that the Services “*need to look after families more*”, should aim to “*keep families together*”, and look at ways of improving employment opportunities for spouses. Several Navy members commented that the Defence Community Organisation was not pro-active enough in helping ships’ personnel. There were also suggestions for better housing and better maintenance and repairs of houses.

70. Despite the general satisfaction with the level of pay offered in the ADF, there was a prevalent view among the personnel we interviewed that members should receive pay commensurate with their workload and hours spent on the job. Further, to address flagging numbers, many pilots suggested that pilots put in ground jobs should retain their pay, and that “*pay bonuses can make pilots feel appreciated and can increase retention rates.*” For personnel in other occupations and trades, there were suggestions that, to improve career satisfaction and personnel retention, the Services need to “*bring in something to induce people to stay longer*” and offer “*more incentives to progress through promotions.*”

71. Several other topics were addressed through members’ suggestions for improving personnel retention rates. Issues of personnel management and leadership were often raised, and were amongst the most frequent suggestions made by Army personnel. There was a clear perception amongst a significant number of members that “*Army doesn’t look at people as its most valuable resource*”. Many suggested a need to improve communication between senior Defence officers and the troops, specifically in order to “*get the hierarchy to listen to those on the ground.*”

72. Other personnel believed that, through recent changes to the ADF, *“all the fun has gone out of [the Services]”*, and one senior NCO argued that members’ attitudes would improve if leaders would permit some more relaxed attitudes at appropriate times. There was a perception, especially amongst Navy personnel, of the need to *“stop change for change’s sake”*, and to *“stop the loss of experienced people”* as a result of increasing civilianisation of the Defence Force. Many members suggested an increase in Defence spending on resources for personnel. Air Force personnel in particular frequently suggested that more money for official travel would improve training opportunities and the morale of the members. One member said that, for progress to be made in the ADF, *“members need to understand their responsibilities and accept change.”*

73. Many members said that recruiting and training standards of recruits were in need of change. A large proportion of Army personnel perceived a need for *“more emphasis on the basics of training”*, and to *“remove the One Army concept from training at Kapooka”* by bringing *“recruit training back to 13 weeks”*. Many members saw a clear need for *“more emphasis on discipline”* at recruit training. Some believed the way to improve personnel retention among the lower ranks is to raise the quality of recruits, who would then be more likely to stay. There were suggestions for changes to the operations of recruiting offices and staff to improve retention rates. There was a perceived need to *“get more young people in [to the ADF]”* and to provide potential applicants with *“more honesty at recruiting”*. Several personnel also suggested there was a need for *“more money for travel and advertising for recruiting”*, and a need *“to cover a wider cross-section of the community”*.

Attachment to Appendix 2

ANAO Interviews with ADF Personnel

Summary of Interview Population

All Defence and ADF statistics presented in these tables for comparison with the statistics obtained from the ANAO interviews are taken, or modified, from tables in the *Defence Annual Report 1998–99*.

Table 1

Population by Service

Service	Personnel interviewed	Proportion of interviews (%)	Total ADF members (%) ⁵³
<i>Navy</i>	58	24.6	25.8
<i>Army</i>	121	51.3	45.7
<i>Air Force</i>	57	24.2	28.5
TOTAL:	236	100	100

Table 2

Population by Gender

Service	Gender (interviews)				Gender (ADF) ⁵⁴			
	Male	% total	Female	% total	Male	% total	Female	% total
<i>Navy</i>	47	24.2	11	26.2	11 425	25.3	1974	28.7
<i>Army</i>	96	49.5	25	59.5	21 270	47.1	2636	38.3
<i>Air Force</i>	51	26.3	6	14.3	12 439	27.6	2275	33.0
TOTAL:	194	100	42	100	45 134	100	6885	100

Table 3

Population by Rank

Service	Rank (interviews)				Rank (ADF) ⁵⁵			
	Officers	% total	Other ranks	% total	Officers	% total	Other ranks	% total
<i>Navy</i>	14	15.7	44	29.9	2950	24.2	10 711	26.3
<i>Army</i>	35	39.3	86	58.5	5088	41.6	19 081	46.9
<i>Air Force</i>	40	45.0	17	11.6	4147	34.2	10 918	26.8
TOTAL:	89	100	147	100	12 185	100	40 710	100

⁵³ Excluding members of the Reserve Forces.

⁵⁴ *ibid.*

⁵⁵ *ibid.*

Table 4
Population by Force

<i>Service</i>	<i>Force (interviews)</i>				<i>Force (ADF)⁵⁶</i>			
	<i>Trained</i>	<i>% total</i>	<i>Training</i>	<i>% total</i>	<i>Trained</i>	<i>% total</i>	<i>Training</i>	<i>% total</i>
<i>Navy</i>	48	30.2	10	12.9	11 849	24.8	1550	37.5
<i>Army</i>	75	47.2	46	59.7	22 186	46.3	1720	41.6
<i>Air Force</i>	36	22.6	21	27.4	13 848	28.9	866	20.9
TOTAL:	159	100	77	100	47 883	100	4136	100

Table 5
Military Establishments and their location

<i>Establishment:</i>	<i>No. Members</i>
HMAS <i>Stirling</i> (Rockingham, WA)	12
HMAS <i>Cerberus</i> (Hastings, VIC)	27
MHQ Garden Island (Sydney, NSW) (sea rostered personnel)	9
HMAS <i>Coonawarra</i> (Darwin, NT) (sea rostered personnel)	6
ARTC, Blamey Barracks (Kapooka, NSW)	41
3 Brigade, Lavarack Barracks (Townsville, QLD)	16
8 Sig Sqn, Randwick Barracks (Randwick, NSW)	11
1 Brigade, Robertson Barracks (Palmerston, NT)	15
5 Brigade, Holsworthy Barracks (Holsworthy, NSW)	13
RMC (Canberra, ACT)	13
75 Squadron, RAAF Tindal (Katherine, NT)	10
2FTS RAAF Pearce (Bulsbrook, WA)	21
RAAF Townsville (Garbutt, QLD)	16
ADFA (Canberra, ACT)	26
TOTAL:	236

⁵⁶ *ibid.*

Appendix 3

Statistics on ADF Personnel Retention

This appendix sets out charts of personnel statistics prepared by the ANAO from Defence data. Service statistics were provided by Defence Personnel Executive by force (trained/training), rank (Officers/Other Ranks), gender (male/female) and month in which separation occurred. Australian Defence Force Academy (ADFA) statistics were provided by Service (Army, Air Force, Navy, Foreign), gender, and type of discharge. The ADFA information has been incorporated into the graphs below but, as it is the only information available in regard to type of discharge, this part of the information has not been used in this presentation.

Collection of statistics on part-time members of the Reserve Force is much more problematical. Units themselves are often unaware that part-time members have separated. Units might continue to regard such members as part of the unit for twelve months or more.

Total

Overall separation rates for each of the three Services for 1997–98 were 9.89 per cent for Navy, 9.95 per cent for Army and 9.08 per cent for Air Force. Separation rates vary widely over time. Although external factors may have some impact on separation rates, the disparity shown in the graphs both between and within the groups for each of the Services indicates that some internal factors also have an effect on separations. Overall separations are presented in Chart 1(a), which shows some similarity in overall trends between the Services but also indicates that trends are often quite different from each other. For example, Air Force separations dropped dramatically in 1994, Army separations remained relatively constant and Navy separations actually rose.

Charts 1(b), (c), (d) and (e) show separations rates (separations in a particular category expressed as a percentage of the personnel in that category) classified according to the variables: Trained force; Training force; Officers; and Other Ranks. From these charts it can be determined that separation rates are higher for: (b) females than males; (c) training force members than trained force members; and (d) other ranks than officers. The difference between these groups during some years is often quite significant. For example, chart 1(c) shows that in 1997 the separation rate for female training force other ranks was more than twice as high as the separation rate for males in the same category. Further, separation rates for the four groups in the trained force, shown in chart 1(b), as much less varied between than the separation rates for the four groups of the training force, shown in chart (c).

Training and Trained Force

For all three Services the separation rate for 1997–98 for the trained force was higher than the training force. Trained Force separation rates for each of the three Services for 1997–98 were 10.41 per cent for Navy, 11.34 per cent for Army and 9.37 per cent for Air Force. Training Force separation rates for each of the three Services for 1997–98 were 7.38 per cent for Navy, 6.77 per cent for Army and 6.64 per cent for Air Force. This is a relatively recent trend. For most of the period plotted in the charts (2(a), (b), (c) and (d)), Training Force separation rates were higher than those of the Training Force. Only in recent years have Training Force rates dropped towards or below Trained Force rates and this is an issue of some concern. Since the Training Force have been selected from the wider population, some will prove to be unsuitable and others will find that Service-life is not what they expected. Separation rates for this group of personnel can be expected to be noticeably higher than for the group who have been trained and who have had a significant period of training and service to assess and be assessed.

Gender

For all three Services, the separation rate in 1996–97 for female personnel was higher than for male personnel. In Air Force, female personnel had a higher separation rate than male personnel over the eight years examined (1989–90 to 1996–97). The female separation rates for each of the three Services for 1996–97 were 11.08 per cent for Navy, 26.73 per cent for Army and 9.56 per cent for Air Force. The male separation rate in each Service in 1996–97 was 10.05 per cent in Navy, 16.87 per cent in Army and 7.81 per cent in Air Force. Charts 3(a), (b), (c) and (d) show the difference between male and female separation rates and indicate that generally female separation rates are significantly higher than male separation rates. The statistical evidence indicates, subject to some qualifications, a significant difference between male and female separation rates.

A review of available figures for British and US military forces shows a similar difference between male and female separation rates, in some case the difference is greater than in the ADF⁵⁷. The ANAO's interviews did not yield any reason why women should separate at a greater rate than men. Very few of the women interviewed discussed sexual discrimination or harassment.

⁵⁷ For instances, in the United Kingdom in 1998-99 the separation rate for females was 18.4 per cent compared to 12.7 per cent for males.

Rank

For all three Services the separation rate for 1997–98 for Other Ranks was higher than for Officers. For Navy, Other Ranks had a higher separation rate than Officers over the nine years examined (1989–90 to 1997–98). Other Ranks’ separation rates for each of the three Services for 1997–98 were: 10.37 per cent for Navy; 11.83 per cent for Army; and 9.49 per cent for Air Force. Officers’ separation rates for each of the three Services for 1997–98 were: 6.71 per cent for Navy; 8.5 per cent for Army; and 7.4 per cent for Air Force. Generally, separation rates for Other Ranks are higher than those for Officers although an outflow of Air Force and Army Officers in 1993 brought the overall rates much closer together.

Separation rates for Officers and Other Ranks are shown in Charts 4(a), (b), (c) and (d). The ANAO interviews indicated that the effort that goes into managing the careers of Service personnel increases with their rank. There is no career management at the rank of Private but it gradually increases as a member progresses up the ranks. At the senior officer level, career managers have fewer clients and can focus more on the career of each individual they manage.

Table 1 (a)
Total Separations

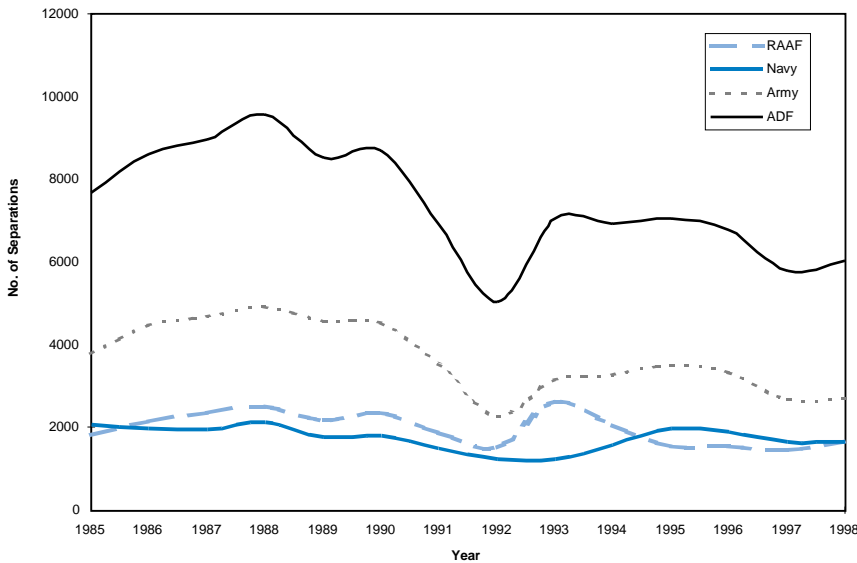


Chart 1 (b)
Separation Rates—Trained Force

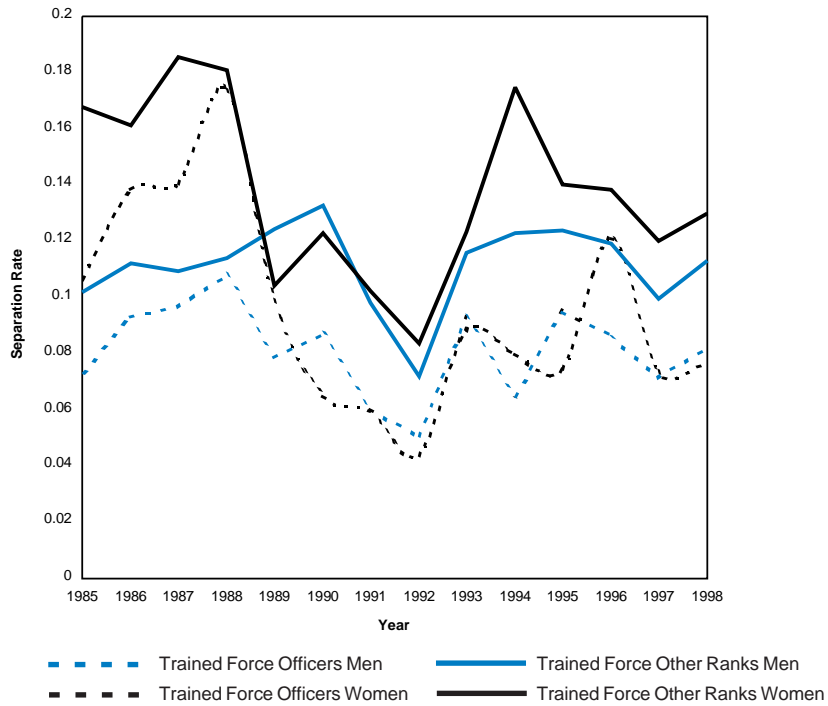


Chart 1 (c)
ADF Separation Rates—Training Force

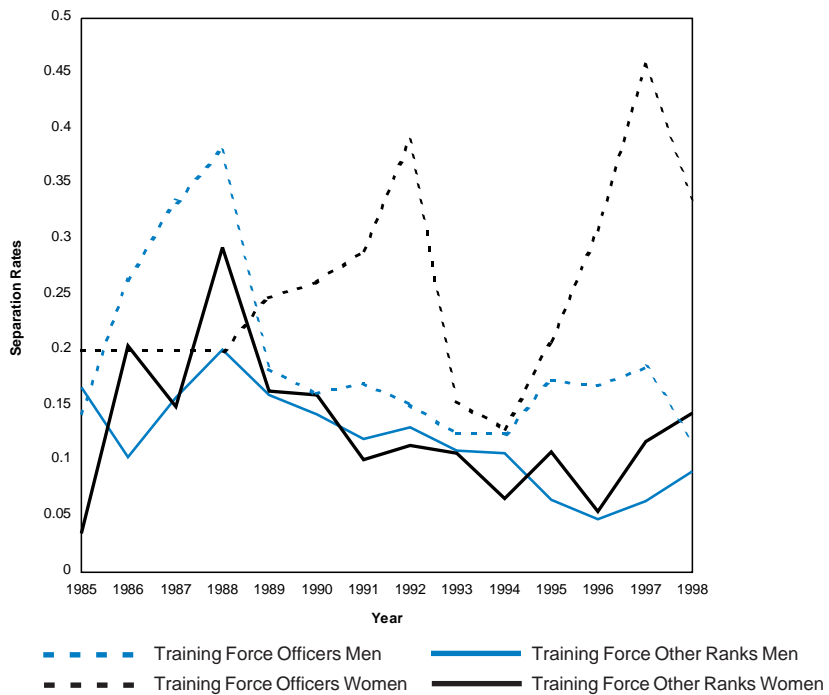


Chart 1 (d)
Separation Rates—Officers

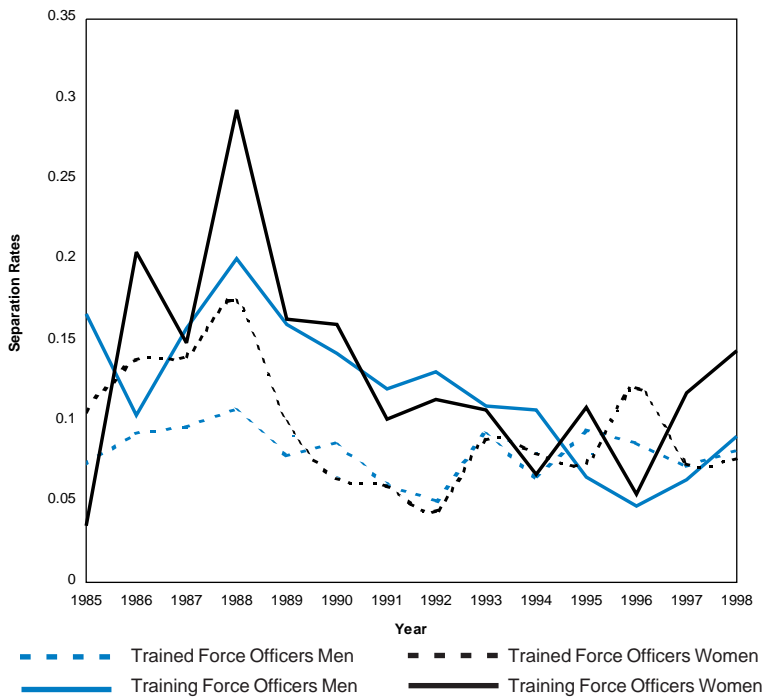


Chart 1 (e)
Separation Rates—Other Ranks

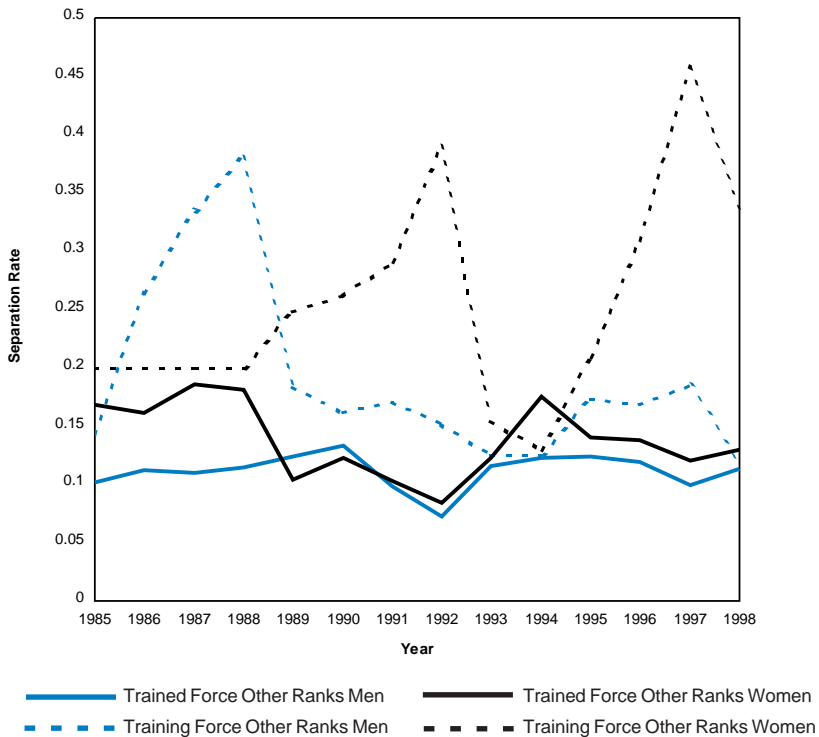


Chart 2 (a)
Separation Rates—Trained v Training—RAAF

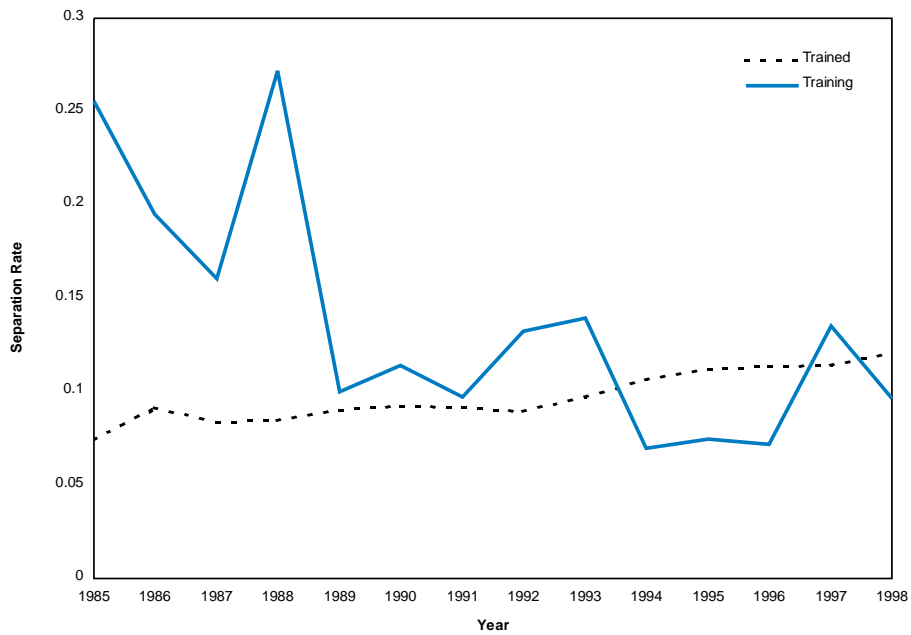


Chart 2 (b)
Separation Rates—Trained vs Training—Army

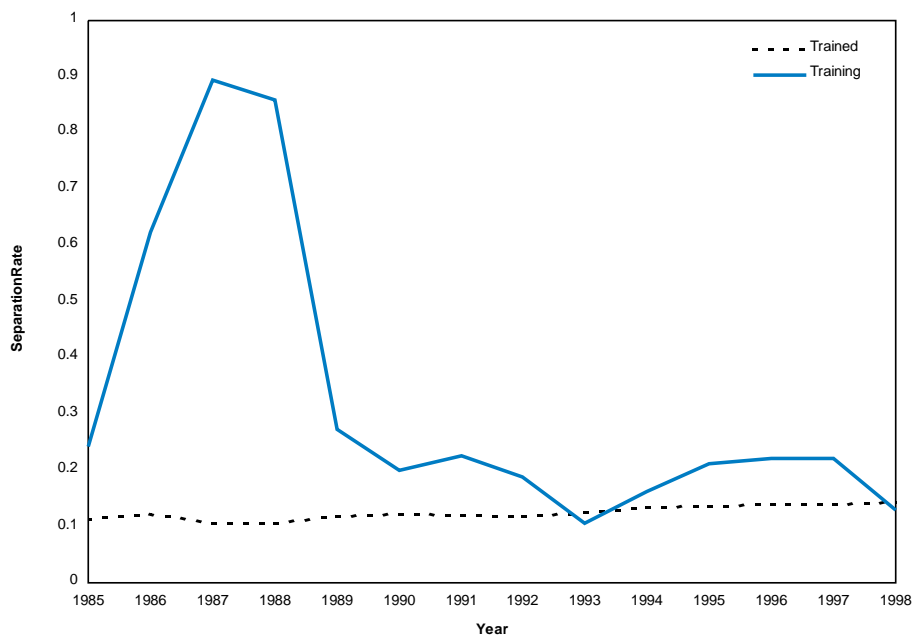


Chart 2 (c)
Separation Rates—Trained v Training—Navy

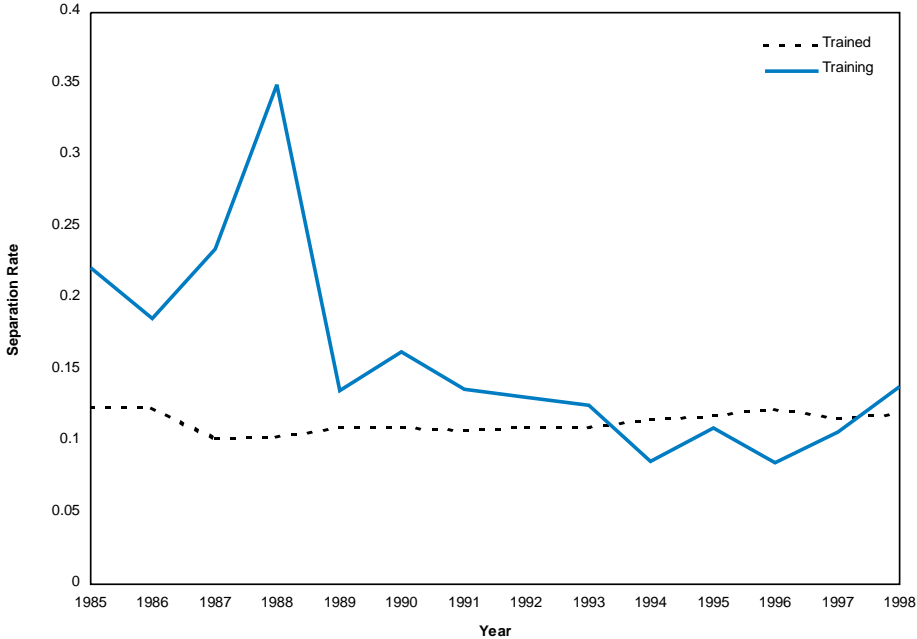


Chart 2 (d)
Separation Rates—Trained v Training—ADF

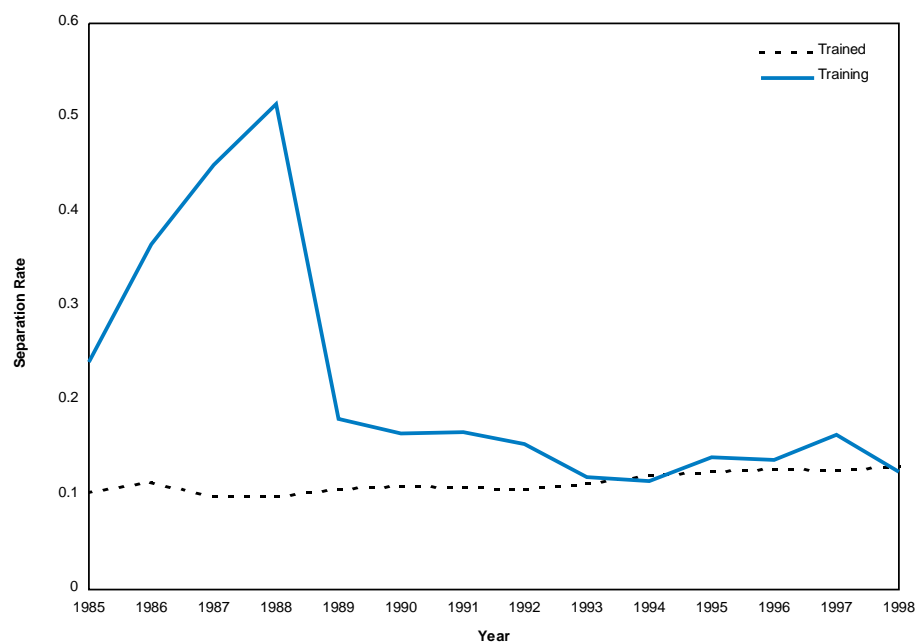


Chart 3 (a)
Separations by Gender—RAAF

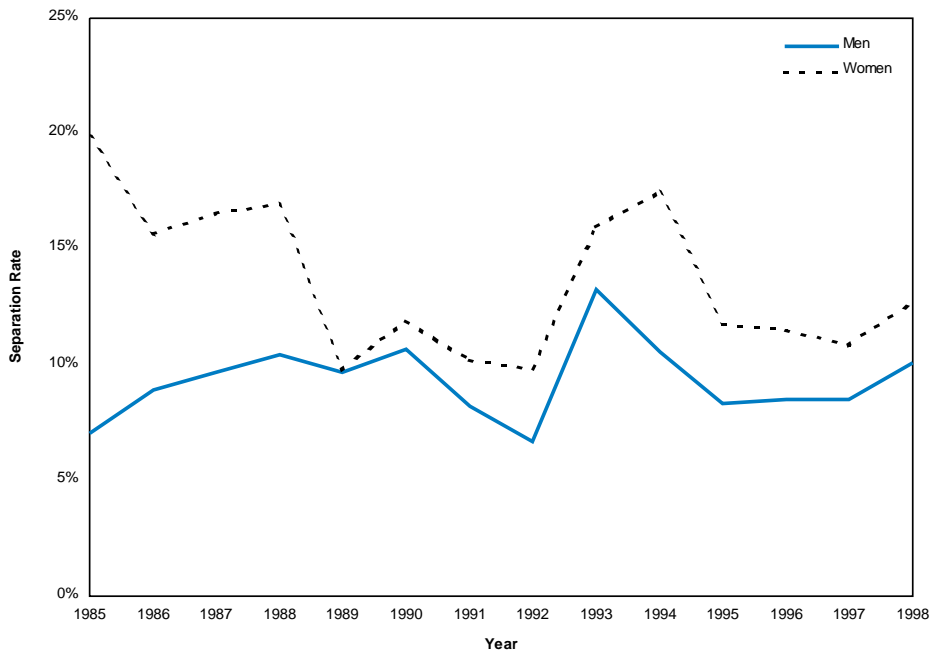


Chart 3 (b)
Separations by Gender—Army

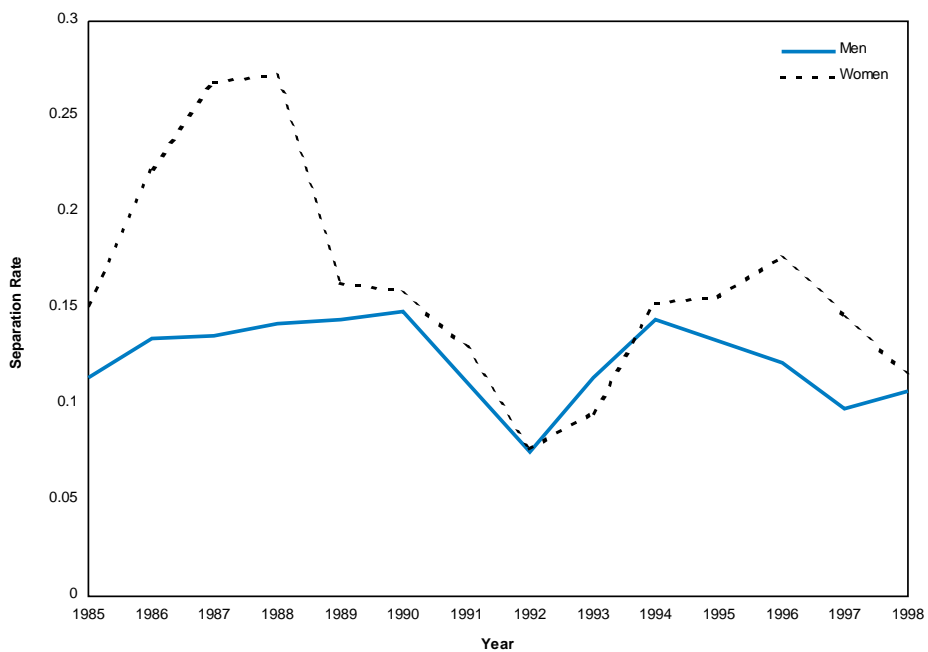


Chart 3 (c)

Separations by Gender—Navy

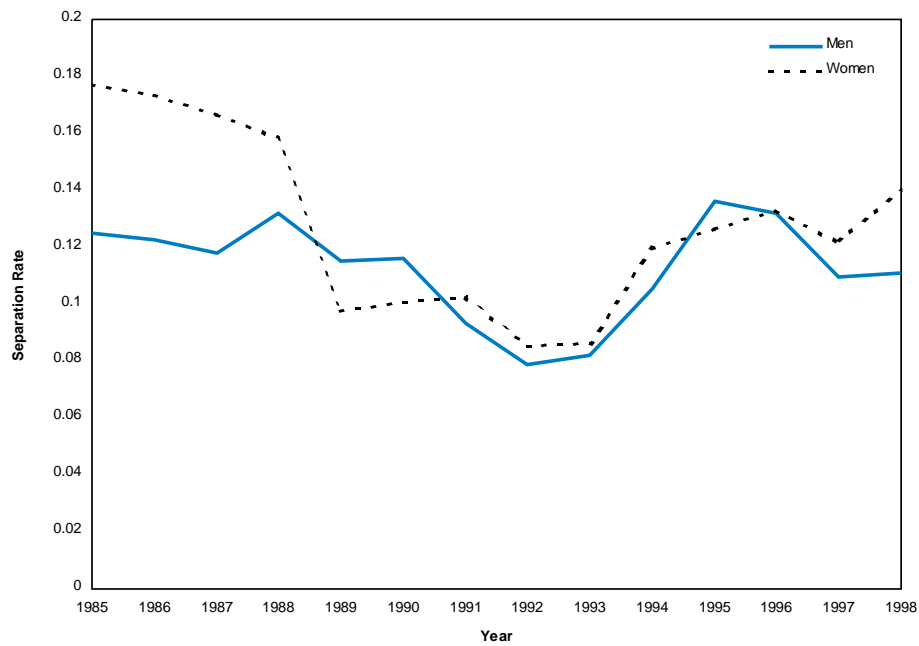


Chart 3 (d)

Separations by Gender—ADF

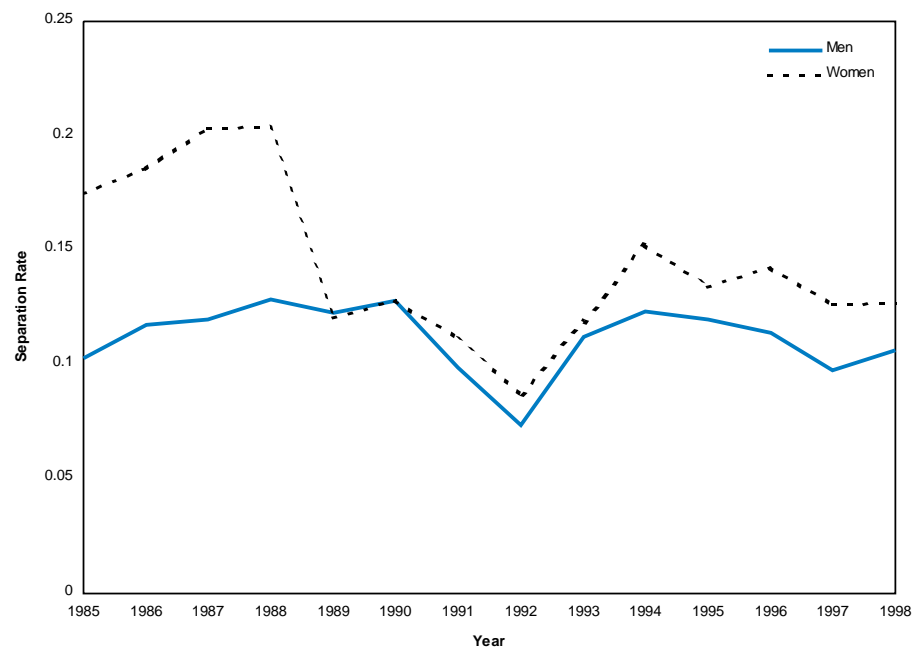


Chart 4 (a)

Separation Rates—Officers vs Other Ranks—RAAF

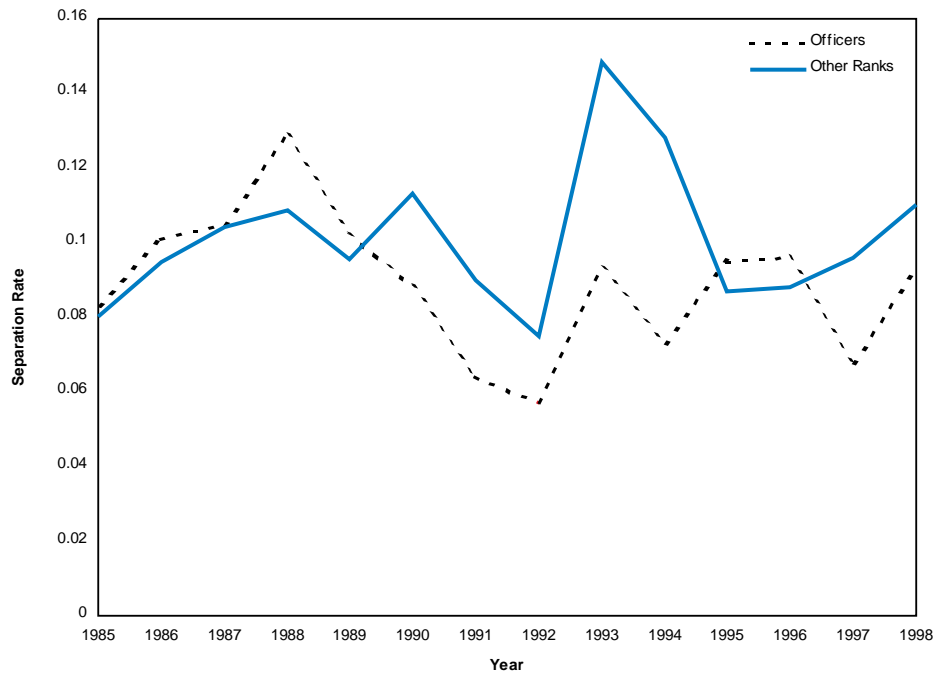


Chart 4 (b)

Separation Rates—Officers vs Other Ranks—Army

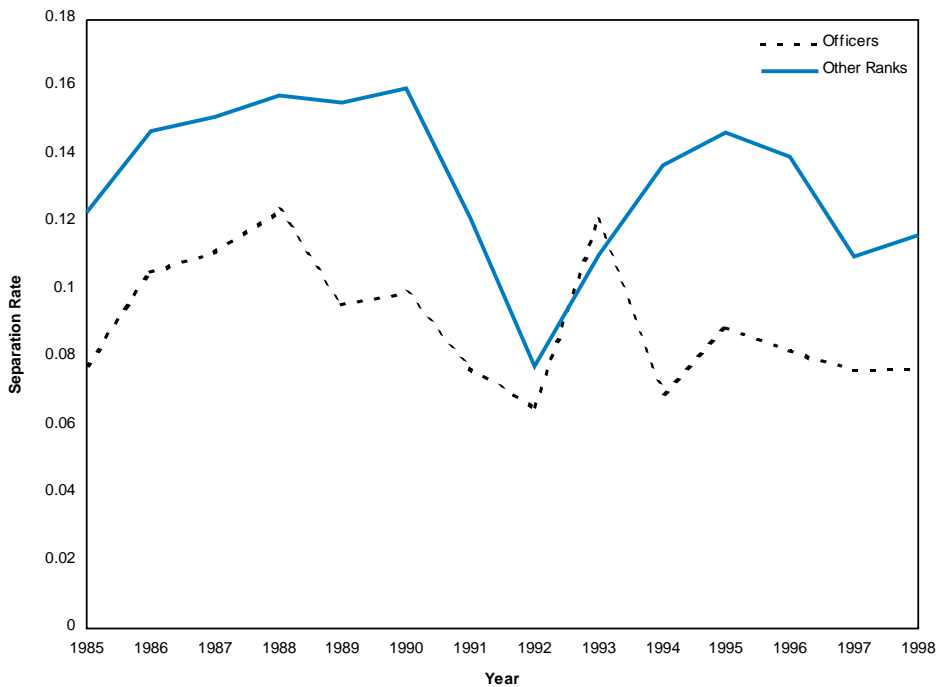


Chart 4 (c)

Separation Rates—Officers vs Other Ranks—Navy

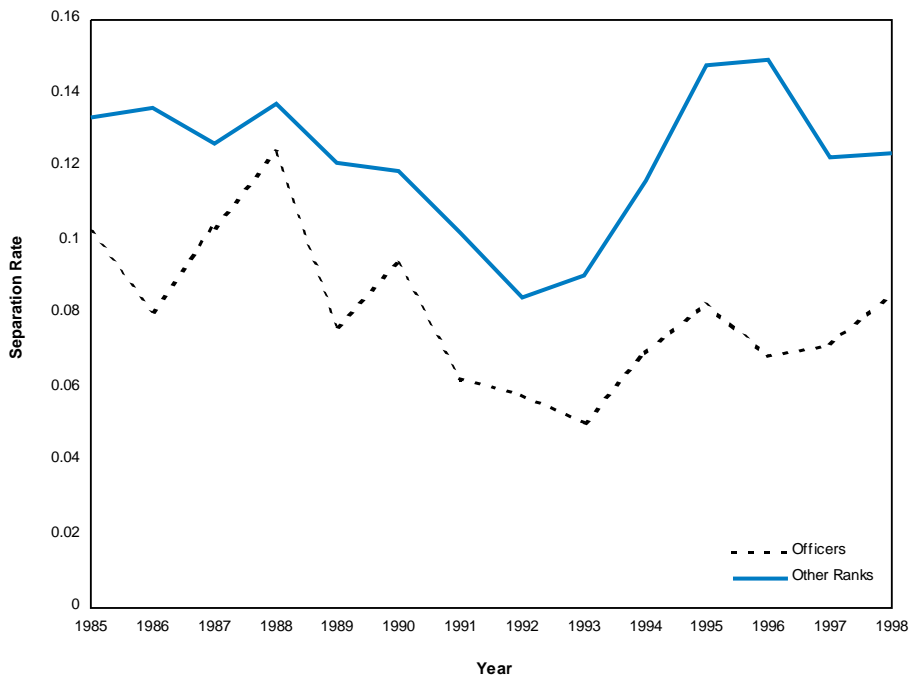
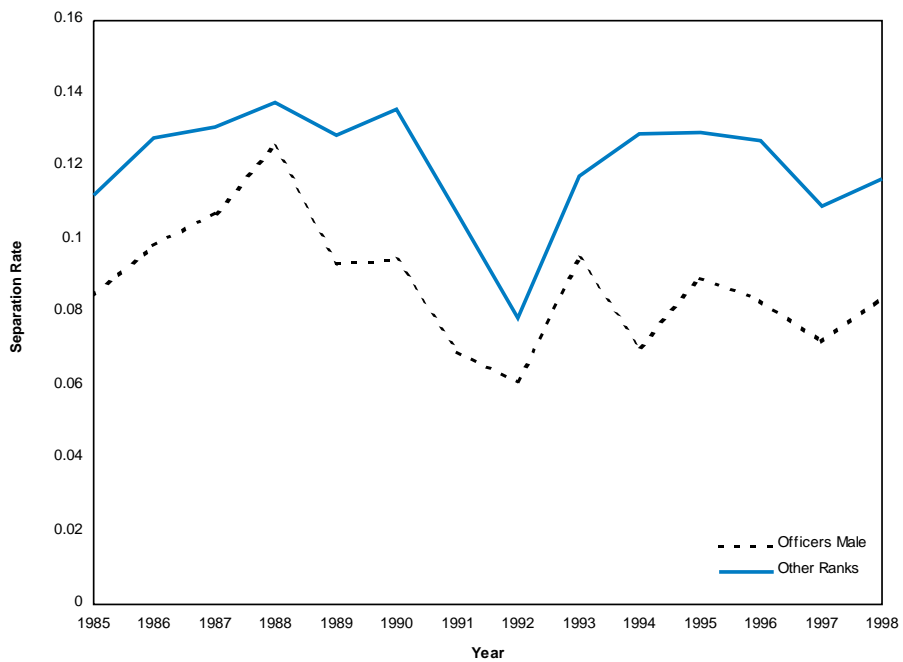


Chart 4 (d)

Separation Rates—Officers vs Other Ranks—ADF



Statistical analysis

The ANAO used a number of statistical tests to analyse the data available. The analysis sought to test whether there was a statistical difference between two separate sets of data or whether it can be assumed the two sets of data are from the same population. As ADF personnel are drawn from the same demographic in the first place, statistically significant differences between, say, the separation rates of Army and Navy personnel or between Officers and Other Ranks must be caused by differences in either the selection procedures or the environment in which they work. If these differences exist, it is these causative factors that the analysis sought to identify. Because of the nature of the data available, these statistical scores have been calculated only on the basis of figures for the five years from 1993 to 1997.

The F-test

The most common means of determining the validity of the null hypothesis, H_0 , 'that these samples are drawn from the same population' is through the use of an F-test, which compares the variability within the samples. ('F' is the first letter in the name Fisher, the developer of the probability distribution upon which this test is based.) Put simply, the higher the value of F, the more likely that there are significant differences between the populations from which the samples are drawn. With any particular value of F it is possible to say with a certain level of confidence that the two samples are or are not from the same population. For example, the F-score calculated for the separation rates of the Trained Force and the Training Force (using the statistical analysis program *SPSS*) was 23.845. *SPSS* indicated that this fell outside the expected range and we could say with 99 per cent confidence that there was a statistically significant difference between the separation rates for the Trained and Training Forces.

t-scores

The other statistical measure used was t-scores, a measure of the difference between the means of two populations. The higher the t-scores, the greater the statistical difference between the means of the two populations. For example in both Navy ($t = 5.814$) and Air Force ($t = 6.332$) the Trained Force separation rates were found to be significantly higher than Training Force separation rates, whereas for Army the relevant t-score was only .664 indicating no significant difference.

Our statistical analysis tested various classifications between and within Services. The tests that proved significant are discussed below. These results tend to reflect what is apparent from the graphs but, in some

cases, provide evidence of a relationship between data, or the absence or weakness of such a relationship. The terms 'significant' or 'significantly' used below refer to statistical significance.

Trained Force and Training Force

As noted above, the Trained Force has a significantly higher separation rate than the Training Force in Navy and Air Force but there is no significant difference in Army. Training Force separation rates are higher in Army than in the other two Services. Navy and Air Force personnel would generally have a higher level of training in more marketable areas that transfer well to the private sector or that Army recruits more unskilled personnel who do not have the same career incentive that other personnel have. The statistics could also indicate a greater recruiting need in Army, which leads to less rigorous assessment of recruits and the employment of a greater proportion of people who do not complete their Army training.

Rank

Separation rates for Other Ranks are significantly higher than those for Officers. This was true for all three Services. This could be due to the greater investment in training for Officers and the greater commitment made by those personnel to a Service career but it could also be due to the lack of attention given to retaining Other Ranks personnel or for some other reason.

Gender

Female Officers in both the Trained and Training Force in the Air Force had a significantly higher separation rate than their male colleagues. Across the ADF, females of Other Ranks in the Trained Force separated at greater rates than males in the same category but this difference was similar to and, in some cases, less than other countries' military forces (to the extent indicated by available statistics).

Service

Significant differences were identified between the Services within some categories. Army Officers in the Training Force had a higher separation rate than similar Officers in the other two services, as did Other Ranks. This was particularly true for Female Other Ranks.

Appendix 4

Performance audits in Defence

Set out below are the titles of the ANAO's previous performance audit reports on the Department of Defence and the Australian Defence Force (ADF) tabled in the Parliament in the last five years.

Audit Report No.2 1994–95 <i>Management of Army Training Areas</i> <i>Acquisition of F–111 Aircraft</i>	Audit Report No.31 1995–96 <i>Environmental Management</i> <i>of Commonwealth Land</i>
Audit Report No.13 1994–95 <i>ADF Housing Assistance</i>	Audit Report No.15 1996–97 <i>Food</i> <i>Provisioning in the ADF</i>
Audit Report No.25 1994–95 <i>ADF Living-in Accommodation</i>	Audit Report No.17 1996–97 <i>Workforce Planning in the ADF</i>
Audit Report No.29 1994–95 <i>Energy Management in Defence</i> <i>ANZAC Ship Project Contract</i> <i>Amendments Overseas</i> <i>Visits by Defence Officers</i>	Audit Report No.27 1996–97 <i>Army Presence in the North</i>
Audit Report No.31 1994–95 <i>Defence Contracting</i>	Audit Report No.34 1996–97 <i>ADF Health Services</i>
Audit Report No.8 1995–96 <i>Explosive Ordnance (follow-up audit)</i>	Audit Report No.5 1997–98 <i>Performance Management of Defence</i> <i>Inventory</i>
Audit Report No.11 1995–96 <i>Management Audit</i>	Audit Report No.34 1997–98 <i>New Submarine Project</i>
Audit Report No.17 1995–96 <i>Management of ADF Preparedness</i>	Audit Report No.43 1997–98 <i>Life-cycle Costing in Defence</i>
Audit Report No.26 1995–96 <i>Defence Export Facilitation and</i> <i>Control</i>	Audit Report No.2 1998–99 <i>Commercial Support Program</i>
Audit Report No.28 1995–96 <i>Jindalee Operational Radar Network</i> <i>Project [JORN]</i>	Audit Report No.17 1998–99 <i>Acquisition of Aerospace Simulators</i>
	Audit Report No.41 1998–99 <i>General Service Vehicle Fleet</i>

Audit Report No.44 1998–99
Naval Aviation Force

Audit Report No.46 1998–99
Redress of Grievances in the ADF

Audit Report No.13 1999–2000
*Management of Major Equipment
Acquisition Projects*

Audit Report No. 26 1999–2000
Army Individual Readiness Notice

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