2015 AUSTRALIAN DEFENCE WHITE PAPER

SUBMISSION

BY

THE RETURNED & SERVICES LEAGUE OF AUSTRALIA

EXECUTIVE SUMMARY

The Price of Liberty is Eternal Vigilance.

No words can better describe the ethos of the Returned & Services League of Australia (RSL) or the seriousness with which our members take the obligation of Australian Governments of ensuring the ongoing security and defence of our nation and the Australian people.

The RSL has a proud record of consistent support for the men and women in the nation's armed forces and of the need for Australia to maintain an adequately financed, fully manned, highly trained, highly effective and fully combat capable Australian Defence Force (ADF). The freedoms and liberty Australians enjoy in our vibrant democracy are too precious to be put at risk. They have been protected and preserved by the sacrifices of many in earlier generations and must not be taken for granted.

Members of the RSL take this opportunity of reminding our fellow citizens of the enduring need for the nation to be ever ready to defend our sovereignty and to remain vigilant. We also remind those in political office that the primary responsibility of any Australian Government is to ensure the safety and security of the nation and its people.

The international strategic outlook continues to be uncertain and the prospect of Australia becoming involved in wars or lesser conflicts at very short notice remains a real prospect for the foreseeable future. It is for these reasons that the RSL urges those elected to the Australian Parliament to ensure adequate provision for the defence of the nation.
The RSL submits it is essential that the 2015 Defence White Paper provides a credible blueprint for the defence of Australia and its people, and that the force structure to achieve this be akin to that specified in the 2009 Defence White Paper which the RSL supported.

We also submit that funding for the defence of the nation be set at a realistic level in terms of the nation's gross domestic product and that this level be stabilised over the years. The ongoing security of the nation is put at risk by the adoption of Australian governments of significant annual variations to Defence appropriations made primarily for short term budgetary reasons. Sustained levels of Defence funding based on a pragmatic appreciation of the nation’s financial well-being are essential if optimum defence outcomes are to be achieved.

The fundamental role of the men and women of the ADF, in providing for the nation's ongoing security, demands that the 2015 Defence White Paper asserts this face. Moreover it is essential that this be accompanied by a comprehensive plan as to how ADF personnel and their families are to be remunerated, provided with conditions of service and cared for after service when wounded, injured or ill as a consequence of that service.

**KEY QUESTIONS**

**What are the main threats to, and opportunities for, Australia’s security?**

For the foreseeable future the main threats to the nation's security can be summed up as:

- an uncertain global strategic security outlook;
- a bleak economic forecast for some nations hitherto considered stable;
- the rise of suddenly developing mass civil disobedience movements enabled by social media causing governments to fall;
- ongoing tensions caused by nuclear proliferation and territorial disputes; and
- the rise of ISIS and other militant religious based movements.

The opportunities presented by these threats include planning for the defence of the nation on factors such as:

- judicious use of Australia's favourable strategic geographic location and lack of land borders;
- enhancing the nation's international diplomatic, trade, and economic efforts through international bodies and in particular the nation's inclusion from time to time as a member of the United Nations Security Council;
- maintaining and developing formal security, military and economic alliances and treaties with allies and likeminded nations; and
- allocating a steady and reasonable percentage of the nation's gross domestic product (GDP) to fund the acquisition and maintenance of a fully effective high level combat capable Australian Defence Force (ADF) able to operate for
• maintaining a permanent and effective reserve force of men and women trained and equipped to go into combat at very short notice;
• ensuring the availability and effectiveness of ADF personnel by the provision of adequate levels of remuneration and other conditions of service commensurate with their skills;
• ensuring adequate through life support in terms of superannuation for service rendered by members of the ADF, compensation for injuries sustained whether physical or mental, and rehabilitation and repatriation benefits;
• recognising and providing support for the families and dependants of ADF personnel without whom there cannot be an effective fighting force;
• accepting it is not possible to maintain a credible ADF without sustained long term resourcing and long term planning quarantined from short term economic and/or other considerations; and
• retaining the strong support of the Australian community for the ADF and the wider Defence community.

Are Defence’s policy settings current and accurate?

The Defence Issues Paper 2014 states that “Australia’s defence policies must deliver an ADF that can affectively protect Australia from direct attack, of whatever form, and be able to secure and advance our interests”. The RSL supports this aim.

The RSL is on record as backing the funding model put forward in the 2009 Defence White Paper. In particular we welcomed the decision to fund defence into the longer term at a sustained level helped by reinvesting savings from the Strategic Reform Program. This was a far sighted pragmatic decision which should not have been overturned.

It is our strongly held position that the Australian Government must make a binding long term commitment to fund defence into the future at a sustained percentage of GDP. It is encouraging that, as stated in the Defence Issues Paper 2014, the 2014–15 Defence budget is $29.3 billion, representing 1.8 per cent of Australia’s GDP and over 7 per cent of Government spending, with the Government planning to raise spending to 2 per cent of GDP by the 2023–24 financial year.

What defence capabilities do we need now, and in the future?

The future force structure put forward in the 2009 Defence White Paper was and remains supported by the RSL.

The RSL considers the acquisition of defence equipment incompatible with existing resources to be ill advised as it is likely to be a major drain not just on training and personnel but also on logistic support and overall operating expenditure. The RSL cautions against opportunistic "cheap" acquisitions of defence platforms. They are usually only "cheap" because vendors and their national governments understand that through life support is highly likely to return a handsome dividend over many years.
How can we enhance international engagement on defence and security issues?

The RSL has long supported the ongoing strategic engagement with the USA not least because it has the potential to also provide compatibility and interoperability of combat platforms and equipment. In our 26 March 2004 submission to the Commonwealth Parliament’s Joint Standing Committee on Foreign Affairs Defence and Trade, concerning Australia’s defence relations with the United States, we noted that "Australian governments of all political persuasions have supported a policy of ensuring that significant elements of the Australian Defence Force structure are interoperable with the forces of our major allies and are easily adaptable for coalition operations. Recent events ... have demonstrated the benefits of this policy. For these reasons, the RSL continues to support this policy ".

Though the RSL welcomes the commitment by the USA to “re-balance” in the Indo-Pacific region (known as the Pacific Pivot), prudence suggests Australia should not be overly optimistic about its implementation as there appears to be little definition of what is involved. We note that in June 2013, US Congressman Randy Forbes, Chair of the House Armed Services Committee stated, "...the US will not be able to achieve a significant military rebalance to the Asia-Pacific now...Resourcing our long-standing Asia-Pacific strategy in a manner that continues to ensure a favourable balance of power to the rules-based order is a difficult task, especially given the severe defence budget reductions under sequestration. These cuts have hobbled the military’s ability to conduct long-term planning, further complicating the Asia-Pacific."

Recently, US Army Col. Bryan Truesdell, a former fellow at the Asia-Pacific Center for Security Studies in Honolulu, authored an analysis of the military’s role in the rebalance. He said “America’s Asian partners look at actions more than rhetoric in judging the endurance of the rebalance. As to whether Iraq — and possibly the Ukraine region — will siphon off resources that otherwise would have been devoted to Asia the jury is still out, but the U.S. is still projecting its national power into the region economically, diplomatically and militarily”.

In this context the current international situation and the commitment of the USA to the Middle East region raises the question of available resources the USA might be able to deploy to focus adequately on the Indo-Pacific region. The 2015 Defence White Paper must take into consideration that Australia is a major power in this region and therefore must take a lead.

Notwithstanding the enduring intelligence cooperation between Australia and the USA and other close allies, the Australian Government should keep open the option of expanding intelligence cooperation with other nations particularly in the Asia Pacific region.

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1 The Interpreter, Lowy Institute, by James Brown, 5 June 2013.

In the RSL's 2013 Defence White Paper submission we noted that the inclusion of foreign students in defence education and training is an essential component of international engagement and the development of a 'soft power' for Australia.

**What should the relationship be between Defence and defence industry to support Defence’s mission?**

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

The RSL believes it is important that the ADI must be provided with a fully funded feasible 10 year Australian Defence Capability Plan on which to base their investment plans.

There is a need to strike a pragmatic balance between encouraging and supporting the ADI to invest in and produce defence equipment both for use by the ADF and for export; and discouraging the ADI from investing in or producing defence equipment readily obtainable at considerably less cost from overseas suppliers which meets the performance and operational requirements of the ADF. One measure to encourage this engagement is for the ADF and the ADI to develop an exchange program allowing and encouraging members and employees to work in and understand other experiences in their working or operating spaces.

In making judgements about ADF equipment acquisitions the force should not be provided with less than optimal capabilities because of a rigid policy of supporting local industry. Of equal importance is the complementary factor of being able to sustain capabilities in-country even though they may have been acquired overseas. Foreign Military Sales (FMS) acquisitions are a case in point.

The RSL contends there is a need to identify those industry capabilities essential to support defence capabilities and to give them the same status in capability policy decision making as the Fundamental Inputs to Capability (FICs) that are internal and are required to formally input to the decision making process.

A comprehensive process needs to be put in place at the strategic level to engage with ADI. This will require a major rethink and cultural change in the Defence Organisation that would be very different from the monopolistic customer mentality the RSL perceives as pervading the capability development and acquisition environment. The RSL understands there are some close collaborative relationships at the operational level particularly in capability sustainment, but that this pragmatic situation is far from universal even at that level. The RSL perception is that it is effectively non-existent at the strategic level.
The policy change which established the Defence Material Organisation (DMO) is an issue the RSL considers must be considered in the 2015 Defence White Paper. In particular the White Paper should include analysis as to whether the hoped for efficiencies of establishing this organisation have been achieved; and assessment as to whether its position within the governance arrangements for the Defence organisation is appropriate for the future; a judgment by key stakeholders as to its cost effectiveness; and an appraisal as to whether the perception that its management structure it too top heavy is valid.

The RSL fully supports the policy of maintaining and sustaining those nationally based industries and research establishments producing key defence equipment such as electronic warfare and cryptographic devices and research in this area where defence exports must be limited for national security reasons to only the most trusted allies.

*How should Defence invest in its people, and how should it continue to enhance its culture?*

**Personnel**

The RSL maintains the undeniable fact that service in the ADF differs in all its fundamentals from all other forms of Commonwealth employment. Various Acts of the Australian Parliament over many years attest to this reality. The RSL asserts that this special nature of defence service has to be recognised and accepted as the key factor in determining all conditions of employment for members of the ADF and for their subsequent through life support.

The RSL supports the implementation of Project Suakin, an ADF workforce model to establish and maintain a successful workforce strategy, on the basis that it:

- facilitates both organisational and member flexibility in order to deliver defence capability requirements;
- provides appropriate opportunity to all its members;
- reflects the diversity of the Australian community; and
- makes best use of ADF Reserve skill sets both military and civilian.

The retention of experienced ADF members, both permanent and reserve, is a matter the RSL would like to see addressed in the 2015 Defence White Paper. This can only be assured if the conditions of service and retention initiatives reflect their trained value to the ADF. Of utmost importance is the need to ensure that the experience gained by those involved on active service is not lost. The funds to allow flexible solutions for the retention of individuals with particular skills and the empowerment of the Chiefs of the Navy, Army and Air Force to vary employment packages as they see fit to retain individual members of the ADF is essential.

Other extant conditions of service, which in our opinion militate against retention, include difficulties in obtaining adequate childcare that reflects the demands made on military families; and inadequate balances between forms of housing (standard houses or apartments) as current stock does not adequately reflect changing social
norms and differing family structures. We suggest the allocation of funds to rectify these impediments to retention.

Remuneration of ADF members must take account of the special nature of military service, the skill levels required and represent fair recompense for the value of the work carried out by ADF individuals at various rank levels. It is also important adequate funding be provided to assist departing ADF personnel to train for post-separation employment.

**Superannuation**

The RSL welcomes the changes to the way that superannuation is now to be offered to the members of the ADF, particularly as most members of the permanent ADF serve for only seven years in uniform. However, as the new fund develops we are interested in the details of the ADF contribution in times of warlike conditions as opposed to regular service, how any retrospective contributions are made should a member’s service situation change and other specifics.

The current Military Superannuation and Benefit Scheme (MSBS) is soon to be non-compliant due to the large take-up rate and it will soon reach its limit of 10 per cent. As part of the Government’s plan to provide flexible working conditions under Project Suakin the new military superannuation arrangements will allow members to choose their fund and give them the ability to transfer their accumulated benefits to a new fund should they leave the ADF. This will be established through legislation and will not be a public fund, with contributions based on complete earnings (OTE) including allowances.

**Diversity**

The RSL acknowledges and commends the ADF on its achievements in being recognised by the 2014 Australian Human Resources Institute (AHRI) Inclusion and Diversity Awards in the category of Inclusive Workplace of the Year, and the Royal Australian Air Force Directorate of Aboriginal and Torres Strait Islander Affairs nominated for its efforts in Indigenous employment.

We encourage the 2015 Defence White Paper to establish diversity in the workforce as a goal for the ADF, addressing community norms of all types of diversity.

**Health**

The RSL is pleased to note the new ADF Family Health Program in which all registered members and their families are reimbursed the gap expenses between GP fees, specialist consultations and the Medicare rebate. A concern we have is that problems may arise when on discharge and on turning 31 a member’s spouse may incur a lifetime of health loading as only the ADF member is exempt from the Lifetime Health Cover loading. This would mean that the spouse could be liable for the loading. This needs to be communicated broadly to avoid lifetime health loading or a system needs to be put in place whereby the spouse automatically transits over to the under 31 health loading.
The RSL welcomes improvements in the ADF Mental Health system but urges it be fully funded, ongoing, and easily available to current and separated ADF members. Noting that mental health issues often arise after separation from the ADF, there is a need for Ex-Service Organisations (ESOs) to be properly supported in their role in the provision of direct support to ex-service people. Emphasis must also be placed on education for health providers in the wider community to identify and support those at risk post-discharge and not visible to Department of Veteran Affairs.

There are two particular health issues worthy of mention. The first is the ADF health contract for specialist medical services. The RSL is aware of ongoing concern from members of the ADF about the services being provided under this contract and suggests that policy in the 2015 Defence White Paper should specify parameters for the future provision of specialist medical service to the men and women of the ADF.

The second is the removal of Regimental Medical Officers from front line Army units. The Regimental doctor is a vital member of the leadership team and is essential for the maintenance of a healthy unit. They have been removed in favour of large medical centres where soldiers see whoever is on duty and when they deploy the doctor is whoever is available. Due to the unique medical and psychological problems which can occur in front line units, continuity of medical support is vital.

Both these matters are raised in the context of ensuring the maintenance of an effective combat capable fighting force. The RSL acknowledges that the cost of providing medical services has to be part of the equation but contends that it is but one factor amongst many when making judgements about how best to ensure the men and women of the ADF have the best possible medical support in both war and peace.

Defence families

Defence families are a part of the wider community, attending schools, participating in sporting activities, and working in the community. Social support for ADF is not sought on the basis of a demographic not being able to access community support and services themselves. It is needed to support the special nature of service and defence life; and to provide understanding and shared meaning based on the life of service that is required of defence people and their families which has no parallel in any other form of employment.

The RSL holds the view that the definition of Defence families must be broad and include spouses, widows, partners and children. It should also comprehend that those who have been wounded, injured or are ill as a consequence of their service in the ADF may rely on supporters who though not strictly family by the usual definition nonetheless are akin to family in the ongoing support they sometimes provide over decades to the afflicted.

Families seek connection to the defence community for common ground and understanding and seek support from Defence for understanding and to help them manage lives that are being affected by defence requirements.
The RSL will continue to work with the families of current and former members of the ADF to address this challenge and strongly encourages the 2015 Defence White Paper to commit to supporting Defence members and their families in accessing government services and building strong social and community networks.

**Defence Housing**

Under Defence Housing Australia (DHA), the standard of housing for ADF families has improved markedly and rental rates are appropriate. With little on-base accommodation, changing demographics in the ADF and lifestyles in the community, there has been a shift in members living requirements in their younger years with many more seeking accommodation close to employment and childcare facilities and avoidance of long commutes (for both the member and partner who seeks proximity of employment opportunities). For these reasons the RSL is opposed to the sale of the commercially attractive DHA.

The RSL is concerned about the effects of force posture changes and base consolidation as regional infrastructure is often lacking in support to families. There is also the concern about the inadequate balances between forms of housing (standard houses or apartments) that do not adequately reflect changing social norms and differing family structures which, in our opinion, will influence retention.

**Military Justice**

The current system of military justice may not be ideal but it is constitutionally safe. More to the point, trials by Court Martial are well understood and respected and although they are not jury trials, they are not trials by one military judge acting alone and hence are considered to be de facto jury trials.

The RSL will continue to try to persuade those elected to the Australian Parliament to ensure that any change to Australian military justice legislation mirrors to the extent possible the norms of Australian law and that it is not in conflict with the Australian Constitution with respect to trials on indictment. In this context we remain opposed to legislation such as that previously introduced into the House of Representatives as the *Military Court of Australia Bill 2012*. To be more specific we contend that the intention of that legislation to appoint Military Judges to act alone in trying serious service offences is so at variance with the norms of justice in Australia as to be dangerous.

**The Defence Force Remuneration Tribunal (DFRT)**

The RSL continues to support the need for the Tribunal as an independent body charged with setting the rates of remuneration for members of the ADF. What we do not support is the current arrangement whereby most major pay cases are put forward as "agreed" between the Commonwealth Government (the employer) and the ADF (the employee) before being placed before the Tribunal. These agreements are at odds with earlier practice whereby the Commonwealth advanced its case separately from the ADF thereby allowing the Tribunal to be perceived as a truly independent umpire.
The widely held perception is that the Chief of the Defence Force is hampered by the need to negotiate these "agreed" cases in acting forcefully in support of legitimate pay claims by the men and women of the ADF. An equally worrying perception is that the Tribunal has become something of a "rubber stamp" merely legitimising early negotiated "agreed" cases.

A more worrying consequence of the development of “agreed" pay cases is that it has given rise to the re-entry of party politics into the setting of rates of pay and conditions for ADF members. When hitherto there were mostly contested cases, there was little if any party political comment with almost all accepting that the independent DFRT was a fair umpire.

The RSL recommends that the 2015 Defence White Paper include policy reinforcing the independence of the DFRT and eradicating the reasons for the perceptions noted above.

CONCLUSION

The 2015 Defence White Paper must be a believable document providing a realistic blueprint for the future defence of the nation. It must be based on a pragmatic assessment of the likely level of funding available for the defence of the nation over at least the coming decade balanced against the undeniable fact that it is virtually impossible to predict the future security threats to the nation. Thus there is a need for the White paper to strike a sensible balance between planning for Australian involvement in future high level combat while ensuring the cost of so doing is not too great a burden on the Australian people.

In making these judgments it is vital that the White Paper recognises and reaffirms that service in the ADF is different in almost all respects from service in any other Australian endeavour – and should be remunerated on this basis. The men and women of the ADF are warfare specialists prepared to deploy in harm's way to any part of the world as may be required by any Australian Government. They and their expertise are the front line defenders of the freedoms Australians are privileged to enjoy. They and the families who support them deserve the fulsome support the RSL advances on their behalf in this submission.

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28 October 2014