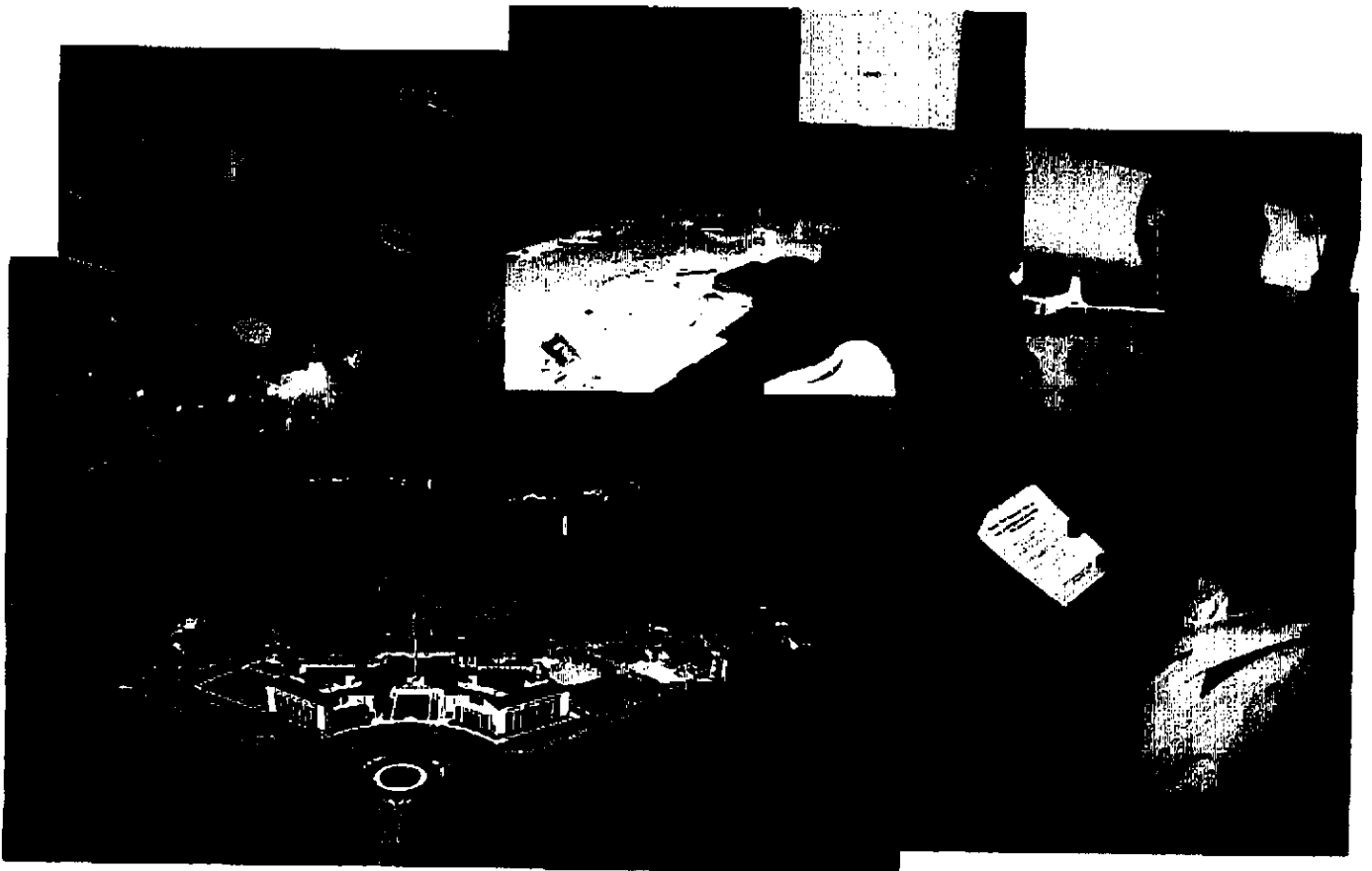


Community and Public Sector Union
report to the
2008 Defence White Paper



The Community and Public Sector Union (CPSU) is an active and progressive union committed to promoting a modern, efficient and responsive public sector delivering quality services and quality jobs. We represent around 60,000 members in the Australian Public Service (APS), ACT Public Service, NT Public Service, ABC, SBS and the CSIRO.

As the major union representing civilian Defence employees, the CPSU welcomes the Defence White Paper 2008. This is an issue of great significance to our members in the Department of Defence, Army, Navy and Air Force, the Defence Materiel Organisation, the Defence Science and Technology Organisation, Defence Housing Australia and the Australian Defence Force Academy, not to mention the wider border protection community. Our submission is based on the observations and experiences of our members.

The White Paper seeks responses to the questions:

- **What role should our armed forces play?**
- **What kind of armed forces should we develop?**
- **Can we afford such forces?**

CPSU's submission will chiefly deal with the third question – force affordability and sustainability; as our focus is on the chiefly civilian administrative, logistic and support areas of the Defence organisation. Whatever form our armed forces take, responsive and sustainable force support is vital in allowing them to perform the tasks for which they were designed; and must provide world-class support in an effective and efficient way. We are concerned that despite many positive reforms since the 2000 Defence White Paper, there have been a significant number of false economies introduced into Defence administration that this White Paper should seek to address.

There are three key issues impacting on affordability that that we would like to see addressed by this Defence White Paper:

- **Re-evaluating “tempo”**, ensuring sustainable workloads
- **Stabilising the workforce**, turning jobs into careers
- **Building Defence Capability**, not Bringing Down Costs

Re-evaluating organisational tempo

Multiple, continuous operational deployments, training deployments and major organisational realignments and restructures are common in the Defence Sector.

Over the last twenty years, the ADF has not seen a dramatic drop in operations – far from it, in fact. The number of situations that see Australian military intervention, as well as the scope of those interventions have dramatically increased.

Against this reality, it is anomalous that many administrative, logistic and operational support functions within Defence are not currently resourced for the “high tempo” of operations. This leaves staff picking up unhealthy and unachievable amounts of work, builds delays into key systems like pay and sustainment, and requires regular use of contracting staff to perform everyday work – at a substantially inflated cost and without the benefit of building skills and capability within Defence. Unfortunately, frequent disruptions in services or outright organisational failure are often the only things that prompt the injection of required resources.

What must be done?

- Administrative structures must be designed to handle a constantly increasing workload in-house. Relying on large numbers of contractors to manage frequent and regular “overflow” is inefficient, and strips vital skills bases from Defence's APS community. With multiple, unbroken deployments since 2000, it would have been more affordable and sustainable to maintain a level of APS staff high enough to deal with this workload, rather than paying a premium for contracted staff – in some cases for 5 years at a stretch. If this pattern repeats itself in the coming decade, developing full-time staff will result in major cost savings for Defence.
- Beyond the now-normal “high tempo”, the structure must also have the capacity to deal with irregular and extreme events, such as terrorist strikes, natural disasters and other snap deployments. With an administrative structure running at full capacity under normal circumstances, responses to the major events are delayed and underlying processes disrupted.
- Defence must invest in and consolidate its governance, assurance and support structures to ensure it is not wasting resources in endless rounds of remediation and ‘micro reform’ that do contribute to long term effectiveness. While CPSU welcomes major reform initiatives such as the Defence Management Review (Proust Review), the ‘patchwork’ application of outcomes often leaves the system less cohesive than it was before the ‘reform’ activity commenced.

Stabilising the Workforce

Despite the longer than average career lengths within Defence, and the loyalty of staff to the Defence community, the Defence organisations possess an inherently unstable workforce, composed of individuals rapidly moving into and out of the various organisations, and between positions and roles throughout their working life. There are three key reasons for this:

- A lack of opportunities for training in specialised areas
- The number and roles of contracted staff
- The career structure of uniformed personnel

The immediate effects of this are presently being felt through the Defence Department right now, as it suffers the sharp end of the skills shortage. Highly skilled technical and administrative staff are retiring, and their replacements have not been trained, have been recruited by private industry, or have been promoted or rotated out of the areas of critical need. By failing, over the past decade, to adequately train and invest in a stable workforce of specialised APS staff, and filling the gaps with contractors and uniformed staff, Defence has guaranteed increasing costs and falling productivity throughout many areas of its organisation. The skills shortage is particularly acute in technical trades and logistics support.

What must be done?

- While Defence has a generally excellent training regime for APS staff, more needs to be done to bring in young staff and train them in many of the highly specialised roles that Defence requires. Areas like weapon maintenance, air traffic control and hydrography are full of positions that Defence generally fills by poaching from its own uniformed staff. More specialised and structured civilian training programs would expand Defence's skills pool dramatically.
- Using contractors for basic administrative and logistical services, or to deal with regular and predictable "overflow" is extremely expensive, when compared to the service provided by APS staff. Moreover, it provides none of the benefits of organisational stability or return on human capital investment that a permanent workforce does. The Defence organisation should be designed to perform core functions with permanent staff in the first instance, with industry support reserved for unexpected and temporary disruptions.
- To effectively run highly specialised multi-million or multi-billion dollar procurement, logistics or administrative operations, significant experience in the work area is invaluable, and even brilliant and highly skilled officers can not be reasonably expected to accrue enough experience in a 2 year rotation. In major and mission-critical area, management roles should be civilianised where possible, or efforts made to attract and reward officers who can remain in key positions for 4 or more years.

Building Defence Capability

A renewed focus on Defence administration should look at reversing the paring back of services that has occurred over the past decade.

Compared with the forces of a few decades ago, today's ADF has a very wide and complex range of needs. Since the early 90's, the focus within the Defence organisations has been on operational readiness and administrative leanness. While these are both virtues, there is a strong argument that the cut-backs in Defence administration are beginning to hamper the operational readiness of the forces.

The 'Group' structure of Defence, and the lack of central planning has led to a preoccupation with short-term cost transfer that has damaged Defence's ability to prioritise longer term capability and sustainably reduce costs by investing for the future. Increasingly, Groups skirmish with each other over costs and 'user pays' principles leaving important reforms unevenly implemented or stillborn.

Basic areas like IT, Pay And Conditions and Base Services are in a state of disarray, not because the job is too large, as is generally argued, but because the resources devoted to solving the issues have been far too small and accountabilities unclear. Ad hoc and localised solutions compound the problem; parts of which are then outsourced to industry, raising costs further.

What must be done?

- Defence administration must properly staffed for a number of contingencies, rather than reactive and short-term. The focus of this review must move away from the false economies of cost reduction, and look at organisational capacity and readiness in the first instance.
- If operational forces are increased, or their capabilities broadened, additional resources must be allocated for their effective support and administration. Any decision on Australia's force makeup must take into account the costs and impacts on the administrative structure that supports it.
- Where contracted labor is used, contracts should be structured to maximize skills transfer to the permanent Defence workforce. Too many contracts in Defence ignore the transfer of skills to the Department and make us dependent on the contractor rather than building Defence Capability.