

DEFENCE
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PEOPLE

OVERVIEW

WORKFORCE SUMMARY

OVERVIEW

Priorities remain as reported in the *Portfolio Budget Statements 2005-06*, except for the following additions:

- implementing initiatives to further improve retention and recruitment. This will be supported by investigating options through:
 - a Ministerial directed review of ADF retention and recruitment, and
 - undertaking the Defence Personnel Environment Scan 2025 to inform long-term Defence personnel planning and policy development;
- implementing improvements announced in the Government’s response to the Senate Foreign Affairs, Defence and Trade References Committee Report on the Effectiveness of Australia’s Military Justice System, including:
 - establishment of an Australian Military Court,
 - a new Commission of Inquiry process,
 - a tri-Service ADF investigation unit, and
 - improvements to the processes for handling complaints and grievances;
- implementing the Australian Defence Medal initiative;
- providing assistance to ADF families with recognised special needs dependants, including the implementation of the Circle of Friends respite program designed to provide families with some time out from their ongoing caring responsibilities;
- continuing to implement measures to further improve ADF health, including:
 - the ADF mental health strategy, and
 - the ADF alcohol, tobacco and other drugs program, which was previously referred to in the *Portfolio Budget Statements 2005-06* as the ADF drug and alcohol program;
- developing strategies to encourage and facilitate recruitment from the three ADF Cadet organisations to the ADF and further enhance the ADF Cadet experience through programs aimed at:
 - strengthening the approach to the care and control of minors, including the production of a youth development guide (a guide for adult staff on how to work with adolescents); a review of child protection policy and processes within Defence; a review of recruitment screening processes for new adult staff; and the commencement of a training enhancement program to update the training programs of the Australian Defence Force Cadets,
 - implementing the Cadet firearms policy including a range of initiatives to improve Cadet access to firearms training. In the *Portfolio Budget Statements 2005-06* this priority included the acquisition of a standard Cadet .22 inch bolt action training rifle, which is no longer being pursued,
 - developing a policy framework for the provision of consistent and equitable garrison support to Cadets across Australia,
 - developing a Cadet wellbeing program specifically targeted at the mental health wellbeing of Cadets. This initiative was previously referred to in the *Portfolio Budget Statements 2005-06* as the Cadet health awareness module, and

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- continuing implementation of the Cadet Behaviour policy, including providing training and materials on the expected standards of behaviour. This initiative was previously referred to in the *Portfolio Budget Statements 2005-06* as the Cadet Acceptable Behaviour program.

WORKFORCE SUMMARY

The revised estimate for the overall Defence workforce in 2005-06 is 85,970, a decrease of 1,082 from the 2005-06 Budget Estimate of 87,052. The revised estimate includes variations in respect of ADF Permanent Force, ADF Reserve Force, Australian Public Service staffing and Professional Service Providers.

As the Defence Materiel Organisation (DMO) became a prescribed agency on 1 July 2005, the Defence estimates for 2005-06 excludes Australian Public Service staff and Professional Service Providers for the DMO. The DMO's Australian Public Service workforce and Professional Service Provider staff will now be reported separately in Section Two – Defence Materiel Organisation.

The decrease in the Defence workforce is mainly due to recruitment and retention challenges for permanent ADF average funded strengths. Changes within the respective elements of the workforce are shown at Table 4.1.

Table 4.1: Defence Workforce

	2005-06 Budget Estimate	2005-06 Revised Estimate	Variation	Variation %
Permanent Force^{(1), (2)}				
Navy	13,209	12,800	-409	-3.1
Army	25,484	25,171	-313	-1.2
Air Force	13,498	13,188	-310	-2.3
Sub-total Permanent Force	52,191	51,159	-1,032	-2.0
Reserve Force⁽³⁾				
Navy	1,850	1,850	0	0.0
Army	16,000	16,000	0	0.0
Air Force	2,300	2,300	0	0.0
Sub-total Reserve Force	20,150	20,150	0	0.0
Sub-total military	72,341	71,309	-1,032	-1.4
Australian Public Service⁽¹⁾				
Vice Chief of the Defence Force/Chief of Joint Operations	799	883	84	10.5
Navy	728	731	3	0.4
Army	669	692	23	3.4
Air Force	880	885	5	0.6
Corporate Services and Infrastructure Group	3,732	3,926	194	5.2
Defence Personnel Executive	1,184	1,182	-2	-0.2
Defence Science and Technology Organisation	2,202	2,227	25	1.1
Other Groups	3,176	2,895	-281	-8.8
Sub-total Australian Public Service	13,370	13,421	51	0.4
Excluding Defence Materiel Organisation				
Professional Service Providers ⁽⁴⁾	1,341	1,240	-101	-7.5
Total workforce	87,052	85,970	-1,082	-1.2

Notes

1. Numbers for the Permanent Forces and Australian Public Service are based on average funded strengths and full-time equivalent respectively.
2. Numbers for the Permanent force includes General Reservists undertaking full-time service and military personnel working in the Defence Materiel Organisation.
3. Numbers for Reserves represent numbers of General or active Reservists who will undertake paid service during the financial year.
4. Professional Service Providers are individuals under contract filling line positions.

ADF Permanent Force

The revised estimate for permanent ADF average funded strength for 2005-06 is 51,159, an overall decrease of 1,032 from the 2005-06 Budget Estimate of 52,191. This decrease is due to:

- a reduction in funded strength of 986 due to recruitment and retention challenges facing the Permanent Force, particularly in the technical and trade categories (Navy -409, Army -267, Air Force -310); and
- the part year effect (46 average funded strength) of the civilianisation of 100 personnel and resource administrative positions in Army.

ADF Reserve Force

The revised estimate for the Reserve Force for 2005-06 is as reported in the *Portfolio Budget Statements 2005-06*. This figure represents the active component of the Reserve element expected to undertake paid service during 2005-06. These figures do not include Reservists undertaking full-time service, as they are included in the Permanent Force numbers (see Note 2 to Table 4.1).

Civilian Workforce

The Australian Public Service full-time equivalent strength revised estimate for Defence for 2005-06 is 13,421. This represents a small increase of 51 compared with the 2005-06 Budget Estimate of 13,370 comprising:

- new measures to improve stocktaking, audit remediation, military leave records, and financial management controls (+142);
- civilianisation of Army positions offset in permanent force numbers (+46);
- net transfers from the Defence Materiel Organisation offset in the Defence Material Organisation (+40);
- substitution of more expensive Professional Service Providers positions offset in the Professional Service Providers workforce (+20); and
- reductions elsewhere in the civilian workforce (-197).

Table 4.2 shows the breakdown of personnel by service and rank including the Australian Public Service.

Table 4.2: Breakdown of Personnel Numbers by Service and Rank

	2005-06 Budget Estimate	2005-06 Revised Estimate
NAVY⁽¹⁾		
Star-ranked officers	34	34
Senior officers ⁽²⁾	429	403
Junior officers	2,548	2,462
Other ranks	10,198	9,901
Sub total: Permanent Navy	13,209	12,800
Reserves ⁽³⁾	1,850	1,850
Total Navy	15,059	14,650
ARMY⁽¹⁾		
Star-ranked officers	53	53
Senior officers ⁽²⁾	603	608
Junior officers	4,597	4,677
Other ranks	20,231	19,833
Sub total: Permanent Army	25,484	25,171
Reserves ⁽³⁾	16,000	16,000
Total Army	41,484	41,171
AIR FORCE⁽¹⁾		
Star-ranked officers	40	38
Senior officers ⁽²⁾	492	510
Junior officers	3,512	3,459
Other ranks	9,454	9,181
Sub total: Permanent Air Force	13,498	13,188
Reserve Forces ⁽³⁾	2,300	2,300
Total Air Force	15,798	15,488
Australian Public Service^{(1) & (4)}		
Senior executives	93	99
Senior officers ⁽²⁾	3,170	3,324
Other Australian Public Service staff	10,107	9,998
Total Australian Public Service	13,370	13,421
Professional Service Providers ⁽⁵⁾	1,341	1,240
Total Workforce	87,052	85,970

Notes

1. Permanent Forces and Australian Public Service numbers are forecasts of the average strength for 2005-06. Reserve figures represent actual numbers of General or Active Reservists who render service. Numbers for the Australian Public Service and Professional Service Providers exclude the Defence Materiel Organisation.
2. Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and substantive Australian Public Service Executive Level 1 and 2.
3. Reservists on full-time service are reported in the Permanent Force.
4. The figures for Senior Executive Service include the Secretary of the Department of Defence.
5. Professional Service Providers are individuals under contract filling line positions.

Employee Expenses

The revised estimate for employee expenses in 2005-06 is \$6,358.7m, representing a decrease of \$228.7m from the 2005-06 Budget Estimate of \$6,587.4m. Details are shown in Table 4.3.

Table 4.3: Revisions to Employee Expenses for 2005-06 Budget

	2005-06 Budget Estimate	2005-06 Revised Estimate	Variation	
	\$m	\$m	\$m	%
Military Employee				
Permanent Salary, Allowances, Superannuation and Leave Liability ⁽¹⁾	4,417.2	4,221.2	-196.0	-4.4
Housing	428.5	422.7	-5.8	-1.4
Health Services	148.2	167.6	19.4	13.1
Fringe Benefits Tax	317.3	297.8	-19.5	-6.1
Reserves Salary and Allowances	130.1	135.6	5.5	4.2
Sub-total Military Employee Expenses	5,441.2	5,244.9	-196.3	-3.6
Civilian Employee				
Salary, Allowances, Superannuation and Leave Liability ⁽¹⁾	1,125.9	1,090.6	-35.3	-3.2
Other Expenses including Fringe Benefits Tax	20.3	23.3	3.0	14.8
Sub-total Civilian Employee Expenses	1,146.2	1,113.9	-32.3	-2.8
Total Employee Expenses	6,587.4	6,358.7	-228.7	-3.5

Note

1. Leave Liability was reported as a separate item in the *Portfolio Budget Statements 2005-06*.

Military Employee Expenses

The net decrease in military employee expenses (-\$196.3m) is due to:

- increases in health costs due in part to high medical and professional fees with the Services being unable to fully fill their medical and health services positions (+\$19.4m);
- supplementation for personnel allowances for Operation Slipper, including for Chinook deployment (+\$18.8m);
- increase in Defence Housing Authority rental charges (+\$8.6m);
- revision to estimates following a review by the Services of the Reserves employment costs (+\$5.5m);
- increase in the Comcare premium (+\$0.6m);
- part year effect of the civilianisation of 100 Army positions (-\$4.1m);
- decrease in the number of members receiving rental allowance (-\$4.4m);
- decrease in Defence Housing Authority fees and charges to take account of the reduction in annuity rent costs due to the buy-out of properties (-\$10.0m);
- reclassification of some personnel initiatives as Suppliers Expenses (-\$10.9m);
- transfer of funds to logistics sustainment to partially offset higher fuel prices (-\$18.5m);
- transfer of funds to Health Services to fund higher health services costs including engaging Professional Service Providers for shortfalls in the ADF's health services workforce (-\$19.4m);

- decrease in fringe benefits tax costs due in part to the shortfall in military personnel numbers and a refinement of fringe benefits tax estimates (-\$19.5m);
- slippage in the timing of a number of Defence People Plan initiatives (-\$40.0m);
- revision downwards of leave expenses because of measures taken to reduce high leave balances and, the booking of leave liability in previous years rather than as budgeted in 2005-06 (-\$52.5m); and
- a reduction in average funded strength of 986, comprising -409 in Navy, -267 in Army, and -310 in Air Force due to continuing difficulties in recruitment and retention (-\$70.0m).

Civilian Employee Expenses

The net decrease in civilian employee expenses (-\$32.3m) is due to:

- additional 142 Australian Public Service full time equivalent strength to implement new measures aimed at improving stocktaking, audit remediation, military leave records, and financial management controls (+\$10.9m);
- part year effect of civilianisation of 100 Army military positions (+46 full time equivalent) (+\$3.5m);
- net transfers between Defence Materiel Organisation and Defence (+40 full time equivalent) (+\$3.0m);
- increase in the Comcare premium (+\$2.4m);
- substitution of 20 Professional Service Providers positions by more cost effective Australian Public Service staff (+\$1.5m);
- reallocation of Salaries to Other Expenses (-\$0.9m);
- a reduction of 197 positions elsewhere in the civilian workforce (-\$19.2m); and
- revision of Civilian Employee estimates having regard for actual costs incurred for 2004-05 and a re-assessment of leave liability some of which was booked in previous years rather than as budgeted in 2005-06 (-\$33.5m).