

# **CHAPTER 5**

## **PEOPLE MATTER**



# PEOPLE

## STAFFING OVERVIEW

The permanent force average strength achieved for 2000-01 was 50,355, a variation of 640 below the revised estimate of 50,995.

**Table 5.1: ADF Permanent Force Staffing**

Permanent Force	2000-01	2000-01	2000-01	Variation	
	Budget Estimate	Revised Estimate	Actual		%
<b>Personnel Numbers – Average Strength</b>					
Navy	12,717	12,373	12,396	23	0.2
Army	24,677	25,081	24,488	-593	-2.4
Air Force	13,535	13,541	13,471	-70	-0.5
<b>Total Permanent Force</b>	<b>50,929</b>	<b>50,995</b>	<b>50,355</b>	<b>-640</b>	<b>-1.3</b>

**Note**

- Staffing numbers for permanent force are based on achieved average strengths and include 972 General Reservists undertaking full-time service.

The Reserve Force budget and revised estimates figures for 2000-01 included 6,296 and 6,515 members respectively of the Army Inactive Reserve. The Reserve Force actual figures for 2000-01 represent General or Active Reservists who rendered paid service during the financial year. The average number of Reserves on full-time service in the permanent force during 2000-01 is excluded from these figures (see note 2). The actual numbers for 2000-01 were 19,835, a variation of 5,734 below the revised estimate of 25,569. The variation from the revised estimate is due mainly to the inclusion of inactive reserves in the estimates but not in the actual figures. When adjusted for these circumstances, the net result is an increase in participation of active reservists of 781 above the (adjusted) revised estimate. From the 2001-02 Portfolio Budget Statements onwards, Reserve Force estimates exclude inactive reserve numbers.

**Table 5.2: ADF Reserve Staffing**

Reserve Force	2000-01	2000-01	2000-01	Variation	
	Budget Estimate	Revised Estimate	Actual		%
<b>Personnel Numbers – Paid Strength</b>					
Navy	1,803	1,803	2,101	298	16.5
Army	22,872	21,735	16,087	-5,648	-26
Air Force	2,031	2,031	1,647	-384	-18.9
<b>Total Reserve Force</b>	<b>26,706</b>	<b>25,569</b>	<b>19,835</b>	<b>-5,734</b>	<b>-22.4</b>

**Notes**

- Actual Reserve figures represent numbers of General or Active Reserves who rendered paid service during the financial year.
- An average of 972 Reservists undertook full-time service with the ADF Permanent Force during the financial year. These Reservists are included in the ADF Permanent Force staffing table and are not included in this table.

The civilian actual average strength for 2000-01, as shown in the table below, was 16,292, a variation of 101 below the revised estimate of 16,393. This reflects a lower than anticipated civilian recruiting achievement across Defence.

**Table 5.3: Civilian Staffing**

Civilian	2000-01 Budget Estimate	2000-01 Revised Estimate	2000-01 Actual	Variation %	
<b>Personnel Numbers – Average Strength</b>					
Civilian	15,775	16,393	16,292	-101	-0.6
<b>Total Civilian</b>	<b>15,775</b>	<b>16,393</b>	<b>16,292</b>	<b>-101</b>	<b>-0.6</b>

**Note**

- Staffing numbers for civilians are based on achieved average strengths.

**Table 5.4: Breakdown of Personnel Numbers by Service and Rank**

	2000-01 Budget Estimate	2000-01 Revised Estimate	2000-01 Actual
<b>Navy<sup>(1)</sup></b>			
1 Star Officers and above	33	33	34
Senior Officers	340	352	380
Officers	2,550	2,363	2,336
Other Ranks	9,794	9,625	9,646
Reserves <sup>(2)</sup>	1,803	1,803	2,101
<b>Total Navy</b>	<b>14,520</b>	<b>14,176</b>	<b>14,497</b>
<b>Army<sup>(1)</sup></b>			
1 Star Officers and above	44	44	48
Senior Officers	546	563	548
Officers	4,534	4,581	4,446
Other Ranks	19,553	19,893	19,446
Reserves <sup>(2)</sup>	22,872	21,735	16,087
<b>Total Army</b>	<b>47,549</b>	<b>40,301</b>	<b>40,575</b>
<b>Air Force<sup>(1)</sup></b>			
1 Star Officers and above	36	36	38
Senior Officers	471	543	487
Officers	3,717	3,378	3,330
Other Ranks	9,311	9,584	9,616
Reserves <sup>(2)</sup>	2,031	2,031	1,647
<b>Total Air Force</b>	<b>15,566</b>	<b>15,572</b>	<b>15,118</b>
<b>Civilians</b>			
Senior Executives	99	104	103
Senior Officers <sup>(3)</sup>	2,985	3,196	3,317
Others	12,671	13,093	12,872
<b>Total Civilians</b>	<b>15,755</b>	<b>16,393</b>	<b>16,292</b>

**Notes**

- The 2000-01 average achieved strength of the Permanent Force by Service was: Navy 12,396; Army 24,488; Air Force 13,471. These numbers include 972 Reservists undertaking full-time service: Navy 200; Army 593; Air Force 179.
- The 2000-01 Actual Reserve strength represents Reservists who undertook paid service. The Army budget and revised estimates include 6,296 and 6,515 members respectively of the Inactive Army Reserve which are not included in the actual figures (see also Table 5.2: ADF Reserve Staffing).
- Civilian Senior Officers are Executive Levels 1 and 2.

## STAFFING STATISTICS

The actual strength and location of the permanent component of the ADF at 30 June 2001 was 49,763 as indicated in Table 5.4 overleaf. The ADF enlisted 5,010 men and 915 women for a total enlistment of 5,925 for the twelve months to 30 June 2001 as shown in Table 5.6. This was 978 or 20% more than for 1999-2000. Although this was an improvement, it represented only 79.5 per cent of the overall full-time target. Individual Service recruiting targets were not achieved and this, combined with ongoing separation rates, is creating workforce gaps. Presently, the Navy is the most affected.

Army and Air Force strengths reflected the drawdown by 1 July 2001 to post-Defence Reform Program force strengths and the transition towards the Government-funded strength increases (3,000 Army & 555 Air Force) for ongoing operations in East Timor.

There were 6,967 separations (Table 5.9) from the ADF for the twelve months to 30 June 2001. This was an increase of 500 compared with 1999-2000 and offset the improved recruiting in 2000-01.

The actual strength and location of the Reserve component of the ADF with training obligations was 20,334 at 30 June 2001. This is a decrease of 1,012 from actual strength figures with training obligations at 30 June 2000. There was an improvement in recruitment for 2000-01 that was offset by increased Reserve separation, with the Army experiencing the greatest net decrease.

At 30 June 2001, there were 17,006 Defence civilian employees. This is an increase of 711 compared with 30 June 2000. This movement largely reflects the impact of additional civilian employees for the Defence Service Centre and increased civilian recruiting targets across Defence.

**Table 5.5: Distribution by Employment Location of Australian Defence Force Permanent and Reserve Forces, and Civilian Employees, as at 30 June 2001<sup>(1)</sup>**

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT <sup>(2)</sup>	O/S <sup>(3)</sup>	Total
<b>Permanent Force<sup>(4)</sup></b>										
Navy <sup>(5)</sup>	5,630	1,705	686	79	2,412	12	398	1,300	41	12,263
Army	5,228	3,116	9,110	534	835	87	3,118	2,254	78	24,360
Air Force	4,527	1,242	2,588	1,615	350	6	1,125	1,548	139	13,140
<b>Sub-Total</b>	<b>15,385</b>	<b>6,063</b>	<b>12,384</b>	<b>2,228</b>	<b>3,597</b>	<b>105</b>	<b>4,641</b>	<b>5,102</b>	<b>258</b>	<b>49,763</b>
<b>Reserve Force<sup>(6)</sup></b>										
Navy	364	77	105	56	135	55	27	275	0	1,094
Army	4,973	3,266	4,122	1,387	1,775	744	597	350	13	17,227
Air Force	506	235	565	307	155	0	97	148	0	2,013
<b>Sub-Total</b>	<b>5,843</b>	<b>3,578</b>	<b>4,792</b>	<b>1,750</b>	<b>2,065</b>	<b>799</b>	<b>721</b>	<b>773</b>	<b>13</b>	<b>20,334</b>
<b>Total</b>	<b>21,228</b>	<b>9,641</b>	<b>17,176</b>	<b>3,978</b>	<b>5,662</b>	<b>904</b>	<b>5,362</b>	<b>5,875</b>	<b>271</b>	<b>70,097</b>
<b>Civilians</b>	<b>3,479</b>	<b>3,660</b>	<b>1,296</b>	<b>1,828</b>	<b>498</b>	<b>96</b>	<b>337</b>	<b>5,724</b>	<b>88</b>	<b>17,006</b>
<b>GRAND TOTAL</b>	<b>24,707</b>	<b>13,301</b>	<b>18,472</b>	<b>5,806</b>	<b>6,160</b>	<b>1,000</b>	<b>5,699</b>	<b>11,599</b>	<b>359</b>	<b>87,103</b>

**Notes**

1. Figures in this table show actual staff numbers as at 30 June 2001, not achieved average strengths.
2. ACT includes personnel located at Jervis Bay, HMAS Harman, RAAF Fairbairn and other Defence units within the legally defined boundaries of the Australian Capital Territory.
3. Permanent Force and Reserves overseas represent personnel posted for long-term duty.
4. Permanent Force figures include paid and unpaid members, but not Reserves on full-time duty.
5. Personnel serving in ships are included against the state or territory in which the ship is home-ported.
6. Figures are Reserves with training obligations and include Reserves on full-time duty.

**Table 5.6: Distribution of Civilian Employees by Employment Location and Classification Group, as at 30 June 2001<sup>(1)</sup>**

<b>Occupational Group<sup>(2)</sup></b>	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	O/S <sup>(3)</sup>	Total
Secretary								1		1
SES,COD <sup>(4)</sup>	0	5	1	9	0	0	0	87	4	106
SO,SITO and Equivalents	273	638	53	646	36	5	11	1,679	72	3,413
APS,I TO and Equivalents	1,805	1,902	734	484	255	48	225	3,407	3	8,863
Trade/Physical	615	263	341	76	112	36	71	34	0	1,548
Professional	164	236	46	274	32	6	9	211	8	986
Technical	621	613	121	339	63	1	21	267	1	2,047
Miscellaneous	1	3	0	0	0	0	0	38	0	42
<b>Total</b>	<b>3,479</b>	<b>3,660</b>	<b>1,296</b>	<b>1,828</b>	<b>498</b>	<b>96</b>	<b>337</b>	<b>5,724</b>	<b>88</b>	<b>17,006</b>

**Notes**

1. Figures in the table show actual staff numbers as at 30 June 2001, not achieved average strengths.
2. Senior Executive Service (SES); Chief of Division (COD); Senior Officer (SO) includes Executive Levels 1 and 2; Senior Information Technology Officer (SITO); Australian Public Servant (APS) includes levels 1 to 6; Information Technology Officer (ITO).
3. Overseas figures represent employees posted for long-term and short-term duty as at 30 June 2001.
4. Includes four officers on short-term higher duties on 30 June 2001.

**Table 5.7: Australian Defence Force – Permanent Force Enlistments 1999-2000  
And 2000-01<sup>(1)(2)(3)</sup>**

	Navy		Army		Air Force		ADF	
	Men	Women	Men	Women	Men	Women	Men	Women
<b>1999-2000</b>								
<b>Trained Force</b>								
Officers	40	1	53	21	(4)	(4)	93	22
Other Ranks	80	11	641	95	(4)	(4)	721	106
<b>Training Force</b>								
Officers	72	25	174	49	135	28	381	102
Other Ranks	564	163	1,780	137	708	170	3,052	470
<b>Total</b>	<b>756</b>	<b>200</b>	<b>2,648</b>	<b>302</b>	<b>843</b>	<b>198</b>	<b>4,247</b>	<b>700</b>
<b>2000-01</b>								
<b>Trained Force</b>								
Officers	39	3	41	20	(4)	(4)	80	23
Other Ranks	69	11	338	65	(4)	(4)	407	76
<b>Training Force</b>								
Officers	127	52	241	49	198	46	566	147
Other Ranks	811	344	2,275	157	871	168	3,957	669
<b>Total</b>	<b>1,046</b>	<b>410</b>	<b>2,895</b>	<b>291</b>	<b>1,069</b>	<b>214</b>	<b>5,010</b>	<b>915</b>

## Notes

1. Figures in this table show actual numbers of members.
2. Enlistments exclude Reserves commencing periods of full-time duty.
3. Figures include inter-and intra-Service transfers processed by the Service Offices and, therefore, do not correlate with the recruiting activity shown in Table 5.7.
4. All Air Force recruits are enlisted into the Training Force.

**Table 5.8: Australian Defence Force – Permanent Force Recruiting Activity  
1999-2000 and 2000-01**

	Navy	Army	Air Force	ADF
<b>1999-2000</b>				
Total Inquiries	19,116	45,754	35,031	108,126 <sup>(1)</sup>
Formal Applications	3,987	9,145	7,204	20,336
Applicants Enlisted	846	2,189	1,008	4,043
<b>2000-01</b>				
Total Inquiries	21,011	56,921	38,514	122,070 <sup>(2)</sup>
Formal Applications	4,932	10,889	7,731	23,552
Applicants Enlisted	1,241	2,785	1,105	5,131

## Note

1. This figure includes 8,225 full-time Tri-Service inquiries that relate to inquirers who were undecided on which Service they wished to pursue.
2. This figure includes 5,624 full-time Tri-Service inquiries that relate to inquirers who were undecided on which Service they wished to pursue.

**Table 5.9: Australian Defence Force – Reserve Force Enlistments 1999-2000 and  
2000-01**

	Navy	Army	Air Force	ADF
<b>1999-2000</b>	29	1,566	104	1,699
<b>2000-01</b>	47	2,396	123	2,566

**Table 5.10: ADF – Permanent Force Separations 1999-2000 and 2000-01<sup>(1)(2)</sup>**

		Voluntary	Involuntary <sup>(3)</sup>	Age Retirement	Cadets and Trainees	Total
<b>1999-2000</b>						
Navy	Officers	199	13	1	61	274
	Other Ranks	1,113	211	0	112	1,436
Army	Officers	416	28	25	108	577
	Other Ranks	1,783	547	35	192	2,557
Air Force	Officers	299	16	19	57	391
	Other Ranks	1,073	63	26	70	1,232
ADF	<b>Officers</b>	<b>914</b>	<b>57</b>	<b>45</b>	<b>226</b>	<b>1,242</b>
	<b>Other Ranks</b>	<b>3,969</b>	<b>821</b>	<b>61</b>	<b>374</b>	<b>5,225</b>
<b>2000-01</b>						
Navy	Officers	212	1	0	64	277
	Other Ranks	1,045	153	0	157	1,355
Army	Officers	409	42	23	104	578
	Other Ranks	1,848	471	9	333	2,661
Air Force	Officers	299	28	24	52	403
	Other Ranks	1,503	73	19	98	1,693
ADF	<b>Officers</b>	<b>920</b>	<b>71</b>	<b>47</b>	<b>220</b>	<b>1,258</b>
	<b>Other Ranks</b>	<b>4,396</b>	<b>697</b>	<b>28</b>	<b>588</b>	<b>5,709</b>

**Notes**

1. Figures in this table show actual numbers of members.
2. Non-effective personnel (personnel on maternity leave or leave without pay) and Reserves completing periods of full-time duty are not included.
3. Involuntary separations comprise mainly personnel who were medically unfit or unsuitable for further training.

**Table 5.11: Civilian Employees as at 30 June 2001<sup>(1)(2)</sup>**

Category		Full-Time	Part-Time	Casual	Total
Permanent	Male	10,604	42	1	10,647
	Female	4,721	240	1	4,962
Temporary	Male	714	18	7	739
	Female	610	44	4	658
Total	Male	11,318	60	8	11,386
	Female	5,331	284	5	5,620
<b>Total Civilian Personnel</b>		<b>16,649</b>	<b>344</b>	<b>13</b>	<b>17,006</b>

**Notes**

1. Figures in this table show actual staff numbers as at 30 June 2001, not achieved average strengths.
2. Figures exclude locally-engaged civilians overseas.

**Table 5.12: Senior Executive Service as at 30 June 2001<sup>(1)(2)</sup>**

	Total SES			2000-01 Gains			2000-01 Losses		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior Executive Band 1	51	10	61	12	5	17	14	2	16
Senior Executive Band 2	17	3	20	1	0	1	3	0	3
Senior Executive Band 3	8	0	8	1	0	1	0	0	0
Chief of Division Grade 2	11	0	11	2	0	2	3	0	3
Chief of Division Grade 3	2	0	2	0	0	0	0	0	0
<b>Total</b>	<b>89</b>	<b>13</b>	<b>102</b>	<b>16</b>	<b>5</b>	<b>21</b>	<b>20</b>	<b>2</b>	<b>22</b>

**Notes**

1. Figures in this table show actual employee numbers.
2. Numbers reflect officers at their substantive level and officers on higher duties pending permanent filling action.

**Table 5.13: Star Rank Officers as at 30 June 2001<sup>(1)(2)(3)</sup>**

	Total Star Rank			2000-01 Promotions			2000-01 Separations		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Four Star</b>									
Navy	1	0	1	0	0	0	0	0	0
<b>Three star</b>									
Navy	1	0	1	0	0	0	0	0	0
Army	2	0	2	1	0	1	0	0	0
Air Force	1	0	1	1	0	1	1	0	1
<b>Two Star</b>									
Navy	7	0	7	1	0	1	3	0	3
Army	11	0	11	1	0	1	1	0	1
Air Force	10	0	10	3	0	3	2	0	2
<b>One Star</b>									
Navy	23	0	23	5	0	5	3	0	3
Army	36	0	36	8	0	8	4	0	4
Air Force	24	1	25	6	0	6	6	0	6
<b>Total</b>	<b>116</b>	<b>1</b>	<b>117</b>	<b>26</b>	<b>0</b>	<b>26</b>	<b>20</b>	<b>0</b>	<b>20</b>

**Notes**

1. Promotions include those officers promoted between levels.
2. Separations include only those officers who have separated from Defence.
3. Officers on acting on higher duties are not included.

**Table 5.14: ADF Permanent and Reserve Forces and Civilian Employees by Gender and Employment Category<sup>(1)</sup>**

	As at 30 June 2000				As at 30 June 2001			
	Men	%	Women	%	Men	%	Women	%
<b>Navy<sup>(2)</sup></b>								
<i>Trained Force</i>								
Officers	1,853	14.8	326	2.6	1,935	15.8	408	3.3
Other Ranks	7,891	63.0	1,216	9.7	7,435	60.6	1,187	9.7
<i>Training Force</i>								
Officers	384	3.0	153	1.2	249	2.0	66	0.5
Other Ranks	567	4.6	137	1.1	744	6.1	239	1.9
<b>Total</b>	<b>10,695</b>	<b>85.4</b>	<b>1,832</b>	<b>14.6</b>	<b>10,363</b>	<b>84.5</b>	<b>1,900</b>	<b>15.5</b>
<b>Army<sup>(2)</sup></b>								
<i>Trained Force</i>								
Officers	3,838	15.9	566	2.3	3,758	15.4	576	2.4
Other Ranks	15,874	65.7	1,741	7.2	15,808	64.9	1,704	7.0
<i>Training Force</i>								
Officers	521	2.1	137	0.6	521	2.1	122	0.5
Other Ranks	1,377	5.7	110	0.5	1,749	7.2	122	0.5
<b>Total</b>	<b>21,610</b>	<b>89.4</b>	<b>2,554</b>	<b>10.6</b>	<b>21,836</b>	<b>89.6</b>	<b>2,524</b>	<b>10.4</b>
<b>Air Force<sup>(2)</sup></b>								
<i>Trained Force</i>								
Officers	2,936	20.9	485	3.4	2,875	21.9	495	3.8
Other Ranks	7,999	56.9	1,510	10.7	7,225	55.0	1,347	10.3
<i>Training Force</i>								
Officers	397	2.8	63	0.5	372	2.8	59	0.4
Other Ranks	611	4.3	63	0.5	704	5.4	63	0.5
<b>Total</b>	<b>11,943</b>	<b>84.9</b>	<b>2,121</b>	<b>15.1</b>	<b>11,176</b>	<b>85.1</b>	<b>1,964</b>	<b>14.9</b>
<b>ADF Permanent<sup>(2)</sup></b>								
<i>Trained Force</i>								
Officers	8,627	17.0	1,377	2.7	8,568	17.2	1,479	3.0
Other Ranks	31,764	62.6	4,467	8.8	30,468	61.2	4,238	8.5
<i>Training Force</i>								
Officers	1,302	2.6	353	0.7	1,142	2.3	247	0.5
Other Ranks	2,555	5.0	310	0.6	3,197	6.4	424	0.9
<b>Total</b>	<b>44,248</b>	<b>87.2</b>	<b>6,507</b>	<b>12.8</b>	<b>43,375</b>	<b>87.2</b>	<b>6,388</b>	<b>12.8</b>
<b>ADF Reserves<sup>(3)</sup></b>								
Navy	1,014	4.8	208	1.0	888	4.4	206	1.0
Army	14,774	69.2	3,129	14.6	14,266	70.1	2,961	14.6
Air Force	1,822	8.5	399	1.9	1,626	8.0	387	1.9
<b>Total</b>	<b>17,610</b>	<b>82.5</b>	<b>3,736</b>	<b>17.5</b>	<b>16,780</b>	<b>82.5</b>	<b>3,554</b>	<b>17.5</b>
<b>Civilians<sup>(4)</sup></b>								
Secretary	1		0		1		0	
SES	95	0.6	11	0.1	89	0.5	13	0.1
Other Staff	10,951	67.2	5,237	32.1	11,296	66.4	5,607	33.0
<b>Total</b>	<b>11,047</b>	<b>67.8</b>	<b>5,248</b>	<b>32.2</b>	<b>11,386</b>	<b>66.9</b>	<b>5,620</b>	<b>33.1</b>

**Notes**

1. Figures in the table are actual staff numbers as at 30 June 2000 and 2001 respectively.
2. Permanent Force figures include paid and unpaid members, but not Reserves on full-time duty.
3. Figures are Reserves with training obligations and include Reserves on full-time duty.
4. Figures exclude locally-engaged civilians overseas.

# RECRUITMENT AND RETENTION INITIATIVES

The *People Matter* perspective relates to Defence's ability to attract and retain people and to maximise their skills and knowledge in order to deliver Defence outputs. Defence focuses on five strategic people themes of attracting, recruiting, developing, retaining and transitioning its workforce.

Defence has contributed to recruitment and retention strategies by setting and reviewing the selection standards for new and existing skill sets. Additionally Defence has designed and is rolling out an automated selection testing and database management system, which will add considerable flexibility to testing and assessment procedures. Significant work is also occurring in order to streamline the recruiting process including market testing of outsourced solutions. Defence is introducing a range of initiatives that will help it become an employer of choice and assist in retaining a valued workforce.

For example, in the four months of its operation during 2000-01, the following family support initiatives were considered by the Defence People Committee, and approved by the Defence Committee, for attribution against \$100m per annum set aside from 2001-02 for addressing people issues.

- A Family Support Fund was established to provide immediate welfare relief and support to ADF families in crisis when ADF members are absent on deployment or are away for extended periods from their normal place of residence.
- The existing Defence Employer Sponsored Child Care Program around Australia is to be enhanced by increasing services from:
  - 16 to 21 Long Day Care Centres;
  - 4 to 12 Defence Community Organisation-sponsored Vacation Care Programs;
  - 4 to 12 Before and After School Care Programs; and
  - around 75 to 110 Family Day Care Places in registered private homes.
- A spouse induction program is to be introduced for all new ADF spouses to enhance their understanding of Service life and culture, and to help build pride in the Services.
- Funding will be provided for professional re-registration fees and short upgrade or pre-registration courses for spouses who move to a different state or territory and incur a cost as a result of their ADF partner's posting.

Other proposals, shown below, being developed for consideration by November 2001, are aimed at the improvement of career management, spouse support, single members' accommodation and housing assistance.

- Additional career streams are to be developed. This is to provide members with the opportunity to specialise in areas such as human resources management and materiel acquisition to allow greater geographic stability in the middle and later years of their careers.
- The existing spouse employment assistance program is to be enhanced by providing further assistance in finding employment as well as assistance with study.
- The accommodation of single members is to be improved by the extension of rental assistance provisions, the refurbishment of current accommodation and the construction of new accommodation which is more in line with members' expectations.
- Housing assistance will be reassessed to give ADF members and their families more choice with a revised, more equitable system which encourages home ownership.

Several Defence-wide initiatives were introduced during the year to enable people to take greater responsibility for their career development. The career transition and education assistance schemes were implemented. A policy was developed covering the professional development of staff to maintain a career management structure for senior executives. Policy guidance was developed for a new performance appraisal system for senior executives.

Defence implemented a series of career development workshops aimed at staff at both the junior and senior levels to assist them to identify professional and personal goals and to take active responsibility in achieving them. The workshops are linked to the implementation of the development agreement component of the 'Plan on a Page'. Nationally, 41 career development workshops were conducted for civilian staff at junior (APS 1-5) and middle management (APS 6 - EL2) levels. Overall, 600 staff attended.

Defence's framework of career development was enhanced by civilian attendance at the Australian Defence College Weston Creek, executive development programs, Public Service Merit Protection Commission programs (Senior Women In Management and Career Development Assessment Centre) and ongoing graduate and other key skills development programs.

In addition to the establishment of the Australian Defence College and the commencement of the Australian Command and Staff Course, a new course was introduced to develop the leadership skills of senior leaders. Ongoing projects focus on identifying and satisfying the learning needs of various Defence groups, including civilian and military clerical and administrative staff, and personnel employed in logistics, capability development and information management areas.

The three Services continued to develop tailor-made initiatives. The Navy people management plan provides a comprehensive and ongoing framework for the effective management of Navy people - Permanent Naval Forces, Australian

Naval Reserve and civilians - who individually and collectively contribute to the achievement of the Navy's objectives. The Navy plan sets the direction for the development of personnel policies and provides the guidelines for the allocation of workforce priorities that contribute best to force capability. Key Navy initiatives are shown below.

- Work practices are being examined to ensure that the important ingredients of enjoyment and job satisfaction are included.
- More effective recognition and reward for the contributions, skills and achievements of Navy's workforce are being introduced.
- The recognition of prior learning competencies is being actively progressed.
- Opportunities are being provided for members to further their level of education, particularly in areas that have Service applications.
- Innovative staffing profiles and practices are being investigated to enable the achievement of the Navy's mission with maximum efficiency in a constrained staffing environment.
- Increased diversity and flexibility in career options are being pursued.

The Army pursued several initiatives in career development during 2000-01. There was increased interaction with the officer corps through a combination of initiatives. These included interview tours by the Career Adviser Group and other staff, briefings to key officer course attendees and a national presentation tour on the subject of career streaming. Additionally, the Directorate of Career Management - Army website was enhanced to facilitate greater interactivity, speed of response for information (through hyperlinks to career management information) and increased visibility of officer positions.

The Army concluded its officer professional effectiveness review in December 2000. The review's key recommendations included the introduction of career streaming and the creation of a career review package, the latter designed to encourage individual officers to be involved more actively in their own career planning.

Career streaming will allow selected officers to specialise, from mid-career onwards, in one of four staff specialisations: military personnel, military strategy and policy, capability and acquisition, or resource and infrastructure management. It will be necessary for officers to meet a number of prerequisites and to have completed a career review prior to consideration for specialised employment and management.

The career review is a tool based on the military appreciation process (the Army's operational decision and planning tool) which is designed to encourage officers to conduct a personal career analysis. This analysis leads to the development of an outline career plan which can be discussed with career managers. A pilot was conducted in early 2001. A modified package will be issued to a cohort of junior officers in the second half of 2001.

The *Stay Army* website, which is focused on assisting soldiers' careers, was built during 2000-01 and went 'live' in July 2001. The site is aimed at making it easier to access information about careers and trade transfers by anyone in the chain of command who needs it. It is a reference source for a range of information for both full-time and part-time soldiers. The site is intended to provide the soldier directly, or via the unit command and administrative framework, with the information needed to make an informed decision about a future in the Army.

In 2000-01, the Air Force made progress with a cultural awareness and shaping program. The Air Force senior leadership team (comprising all officers of Air Commodore rank and above), in consultation with Air Force personnel, redefined the Air Force values statement. The values statement will lead behavioural change at senior levels over the next two years and will also be the basis for the revision of organisational behaviour through the personnel management system review.

The Air Force's personnel management system is being reassessed in order to re-balance control from the organisation to the individual, wherever possible. This reassessment is in its formative stages and is focusing on the development of a new personnel strategic framework. The framework will draw from Defence Personnel Executive-sponsored research, against which all current and prospective personnel policy changes can be reviewed. For example, the 'airmen' category career management system, now in its second year of implementation, and the engineer and pilot sustainability projects are the vanguard of change for the airmen force and officer corps. These developments are well advanced and are addressing both personal development and career management 'control' issues. The Air Force analysis of personnel research is also being applied to shift from routine personnel policy updates to identifying and developing the key personnel policies that will enable the Air Force personnel management system to better meet the needs of the workforce in 2010.

A comprehensive set of key 'lead' performance indicators was developed to address the five strategic personnel themes of attract, recruit, develop, retain and transition. Implementation of a reporting framework will enable trend data to be incorporated into the policy development framework so that the Air Force can be alerted to changes in the personnel environment and can anticipate shifting policy needs.

# WORKPLACE RELATIONS

## CIVILIAN

Defence continued to implement the *Defence Employees Certified Agreement 2000-01*. In preparing for the next agreement, Defence adopted an innovative approach, linking employee working arrangements with the organisational renewal agenda. In particular, extensive consultation with employees, managers and key personnel operatives commenced in order to ensure maximum involvement and ownership of outcomes. This approach emphasises that workplace relations is a continuous process and not merely an episodic event linked only to agreement making.

## MILITARY

Defence continued to implement the *ADF Enterprise Productivity Arrangement: 1999-2002* with trials of new consultative processes. A number of discussion and position papers on proposed changes to conditions of service affecting military personnel have been released publicly for comment and suggestions. The current arrangement will continue to deliver regular pay and allowance increases until 11 November 2002.

An external review of all ADF remuneration policies headed by Major General Barry Nunn (Retd) commenced in January 2001 and concluded in August 2001. The Defence response to the Nunn review will be presented to the Government for consideration by the end of March 2002. The results of this far-reaching review will inform Defence on specific future ADF pay proposals and processes.

## WORKPLACE EQUITY AND DIVERSITY

Defence is committed to policies and practices that allow all members to participate fully in achieving the primary role of defending Australia and its national interests. Defence's personnel policies and practices are based on merit and on a philosophy of a 'fair go' for all staff. During 2000-01, Defence continued to report and manage incidents of unacceptable behaviour; maintained and enhanced an equity and diversity website; increased the number and diversity of trained equity advisers; and developed additional awareness training.

Defence has a commitment to equity and diversity in the workplace and in its management practices. Established in 1997, the Defence Equity Organisation is committed to fostering equity throughout Defence through the development and implementation of Defence-wide equity and diversity frameworks and support initiatives. The external and internal Defence websites promote equity and diversity and provide access to equity advice, training and publications.

Three free-call 1800 equity advice lines, a global 800 international advice line and a comprehensive network of 2,300 trained equity advisers provide support and advice on equity matters to individuals, managers and commanding officers. The increase in trained and active equity advisers from 1,700, as reported in the *Defence Annual Report 1999-2000*, to 2,300 this year demonstrates the strong commitment Defence has to ensuring the principles of equity and diversity are observed. The international advice line commenced operation in June 2001 and supports Defence staff located overseas.

During 2000, the Defence Equity Organisation sponsored the report, *The Case for Cultural Diversity in Defence*. The report, prepared by a 'Senior Women in Management' project team, was completed in October 2000. The report's findings will assist Defence to address cultural diversity issues. Many of the recommendations made in the report have been incorporated into the new equity and diversity plan.

## IMPLEMENTATION OF DEFENCE WORKPLACE EQUITY AND DIVERSITY PLAN

The *Defence Workplace Equity and Diversity Plan 1998-2001* helped to establish an environment in which equity and diversity were recognised and valued in day-to-day business in Defence. The plan provided an accountability framework and established visible performance measures. The plan expired on 30 June 2001 and has been replaced by the *Defence Workplace Equity and Diversity Plan 2001-2003*. This plan is available on the Defence website at [www.defence.gov.au/equity](http://www.defence.gov.au/equity).

The *Workplace Equity and Diversity Annual Report 1999-2000*, published in March 2001, and available on the Defence website, provides an account of how equity and diversity was implemented across Defence when assessed against the objectives set in the 1998-2001 plan. The report focused on performance by

identifying initiatives implemented in the Groups and comparing them with requirements outlined in the plan.

The *Workplace Equity and Diversity Plan 1998-2001* proved successful, bringing to Defence a heightened awareness and understanding of equity and diversity principles. However, responses to a survey indicated that there was a significant difference observed across the three Services in the proportions of personnel who had received any equity awareness training in the previous 12 months. More than three-quarters of Army personnel and two-thirds of Navy personnel had received training, while less than half the Air Force personnel surveyed indicated that they had received training. As a result of the survey, it was recommended that annual equity awareness training for Service personnel be enforced more strictly, and that consideration be given to varying the method of presenting equity training material and the contents of the training packages. The Services have been apprised of the need to ensure that personnel receive adequate and appropriate annual equity and diversity training. In addition, the Defence Equity Organisation has developed two introductory awareness courses that can be modified to suit particular personnel or environments.

The *Workplace Equity and Diversity Annual Report 2000-01* will provide a detailed analysis of performance when it is published towards the end of 2001. The annual report will be available on the Defence website.

## **UNACCEPTABLE BEHAVIOUR**

During 2000-01, Defence maintained its strong stance on all personnel having a basic right to work in an environment free from harassment and discrimination and, at the same time, having an individual responsibility to treat others fairly. The Defence policy of zero tolerance of any form of harassment, discrimination, sexual offences and any other unacceptable behaviour remained clearly in focus.

Defence has a number of policy instructions covering anti-harassment and unacceptable behaviour and detailing the management of such behaviour and incident reporting procedures. A review of these policy instructions commenced in early 2001 and will be completed in December 2001. The review is being undertaken to ensure that the instructions continue to reflect trends in the management of unacceptable behaviour and that associated management processes are streamlined.

The Defence Equity Organisation maintains a database that records reports of unacceptable behaviour. The following table shows the number of reports of unacceptable behaviour received during 1998-99, 1999-2000 and 2000-01. The reported unacceptable behaviour statistics for the Australian Defence Force Academy for 2000-01 have been included in the figures of the parent Services. Research indicates that the increased reporting of unacceptable behaviour in 2000-01 results from heightened awareness of unacceptable behaviour regulations within Defence and more trust in senior management.

**Table 5.15: Reports of Unacceptable Behaviour**

Service	1998-99	1999-2000	2000-01
Navy	41	45	54
Army	56	85	128
Air Force	62	77	82
Academy	28	16	0
APS	10	16	10
<b>Total</b>	<b>197</b>	<b>239</b>	<b>274</b>

During 2000-01, the Defence Equity Advice Line fielded a total of 863 calls. The table below details the number of calls received during the last three years. The increase in the number of calls received each year indicates the success of the equity advice lines and the quality of advice provided, as well as the increasing confidence of personnel in making use of the facility.

**Table 5.16: Defence Equity Advice Line Calls**

Service	1998-99	1999-2000	2000-01
Navy	96	114	141
Army	210	316	336
Air Force	72	183	173
APS	67	150	213
<b>Total</b>	<b>445</b>	<b>763</b>	<b>863</b>

Very few grievances have been received from personnel who were dissatisfied with selection and promotion processes for equity-based reasons, as indicated by the table below. The three grievances that were submitted during the past two years have been resolved.

**Table 5.17: Selection and Promotion Equity Based Grievances**

Service	1999-2000	2000-01
Navy	1	0
Army	0	0
Air Force	1	0
APS	0	1
<b>Total</b>	<b>2</b>	<b>1</b>

## EDUCATION AND TRAINING

Implementation of a competency-based education framework and a broad and multi-faceted training strategy on equity and diversity commenced in 2000-01. The strategy provides training opportunities at all levels in Defence, varying in complexity commensurate with the workplace circumstance.

Equity adviser workshops and refresher courses delivered across Australia during the year by the Defence Equity Organisation and the Navy Equity and Diversity Unit at Maritime Headquarters have ensured the knowledge enhancement of the network of trained Defence equity advisers.

Seven 'Fair Go' anti-discrimination training courses were conducted by the Defence Equity Organisation in 2000-01 for a total of 108 staff in the ADF career management agencies.

## DISABILITY

The *Defence Disability Action Plan 1999-2003* is ensuring that APS staff with disabilities receive fair treatment, are not disadvantaged in any aspect of their employment with Defence, and that unlawful disability discrimination does not occur in the workplace as well as in the administration of policies and procedures. The disability action plan was developed and implemented by Defence in the knowledge that staff with disabilities have the same rights as all Australians and should have equal opportunities at all times. Defence's resolve to execute the plan's objectives was demonstrated by a number of disabilities-based building modification needs being met, ensuring that suitable car parking facilities were provided, and encouraging supervisors and managers of hearing-impaired staff to learn 'sign' language. Under the Technical Equipment for Disabled Commonwealth Employees Program, Defence expended \$27,247 in providing equipment for staff with a disability during 2000-01.

In February 2001, the Defence disability staff network, an objective of the disability action plan, was launched in various state capitals. The establishment of the network will continue in 2001-02. The network provides a forum for raising, discussing and resolving issues, including removing barriers to enhance the workplace participation of staff with disabilities. It caters to the interests of staff with disabilities and serves as an additional resource within Defence to take care of the needs of staff with a long-term injury, chronic illness or disability. The network is not limited to staff with a disability; it also provides information and advice to carers, supervisors, managers and all departmental staff. The network seeks to create better understanding in Defence of the diverse needs of staff with disabilities.

## INDIGENOUS AUSTRALIANS

During the year, Defence continued to maintain a significant investment with indigenous Australians through involvement in a number of projects.

The ongoing Army/ATSIC Community Assistance Program participates in community housing and infrastructure projects in remote Aboriginal communities across the country. Two projects in the Northern Territory are continuing.

The ADF Aboriginal and Torres Strait Islander Employment Strategy Implementation Team continued to focus on the recruitment and career development of indigenous Australians and has achieved its goal of 1,205 serving members across the three Services approximately five years ahead of the target date (30 June 2006).

The Defence Equity Organisation administers the national indigenous cadetship project and the indigenous study award to attract, recruit, develop and retain indigenous APS staff throughout Defence. During 2000-01, there were thirteen indigenous cadets, of whom three completed the cadetship and four ceased employment. There were two existing study award recipients. In addition, two indigenous graduate places were negotiated on each of Defence's graduate intakes, with one indigenous graduate commencing during 2000-01.

## **WOMEN IN THE MILITARY**

Current Defence policy provides equality of opportunity consistent with operational effectiveness. Men and women compete equally for all employment, except for certain employment categories classed as involving combat duties. Since 1992, an average 87 per cent of Navy, Army and Air Force employment categories have been open to women. A restriction has been imposed on women within some employment areas for occupational health and safety reasons (for example, surface finishers and electroplaters within the Air Force), where use of embryo-toxic substances could endanger their health.

Physical competencies are being developed for the remaining employment categories not open to women – clearance divers, engineers, artillery, armour and infantry (including airfield defence guards). During 2000-01, work commenced on the development of the competencies for these employment categories. Analysis also began of the degree of representation necessary to ensure successful integration of women into previously all-male working environments. This work is due for completion in 2002. The results will serve to inform the Government should it wish to consider the employment of women in the combat arms.

## NON-OPERATIONAL TRAINING

In 2000-01, Defence spent \$89.1m on purchasing non-operational training and development activities. The introduction of Defence's new financial management system, together with a revision of the chart of accounts, allows internal training data to be captured and reported more comprehensively than in previous years.

Non-operational training and development activities include, but are not limited to, the administration and delivery of training courses, including courses at the Australian Defence College, attendance at conferences, seminars and training courses, information technology training and occupational health and safety training. Attendance by both Service and civilian members at a university for an approved course of study and the provision of academic services by the University of New South Wales at the Australian Defence Force Academy are also included.

2000-01 saw the opening of the Australian Defence College and the commencement of the first Australian Command and Staff Course, which included middle-level officers of the three Services, Defence civilians and foreign military officers. Other highlights included the start of a new development course for APS executive-level officers, the implementation of the public services training package within Defence and the provision of training for the roll-out of the Resource and Output Management and Accounting Network across Defence. The Board of the Australian National Training Authority presented Defence with an award for Defence's commitment to the integration of its training systems with the national training framework.

'Results through People' workshops addressed management issues relating to people and a performance culture. Initially targeting graduates, workshop attendance was extended to the Senior Executive Service and will roll out to executive-level staff in 2001-02. In 2000-01, 235 staff attended the workshops.

Defence continued to give high priority to the recruitment of graduates. In 2000-01, Defence employed 54 graduates under the general graduate scheme, and 84 graduates under the materiel graduate scheme. These figures are similar to those in 1999-2000.

**Table 5.18: Graduate Intake Figures**

Program	1998-99	1999-2000	2000-01
General Australian Public Service Scheme	50	56	54
Graduate Acquisition Trainees <sup>(1)</sup>	46	47	84 <sup>(1)</sup>
Graduate Acquisition Trainee Engineers <sup>(1)</sup>	20	36	
Trainee Administrative Service Officers <sup>(2)</sup>	29		
Graduate Resource Officer <sup>(3)</sup>	19		
<b>Total</b>	<b>164</b>	<b>139</b>	<b>138</b>

**Notes**

1. The Graduate Acquisition Trainee and Graduate Acquisition Trainee Engineer programs were combined in 2000-01 to form the Materiel Graduate Scheme.
2. Defence recruited Trainee Administrative Service Officers in 1998-99, the last year of intake.
3. The Graduate Resource Officer Scheme was undertaken in 1999 and was a one-off program.

As a result of devolving responsibility for training to individual Groups, a consolidated record of attendance of personnel at external training courses is not available at present. The corporate personnel management system will include a professional development and training database that will record non-operational training statistics. Due to implementation slippages, the first statistics should be recorded on the system during 2001-02 and not 2000-01 as stated in last year's annual report.

Non-operational training and development provided by the major internal training providers comprised the following student days and numbers.

**Table 5.19: Non Operational Training**

	Total Student Days <sup>(1)</sup>	Number of Students
People Development Agency	20,568	3,077
Project Management and Procurement Training	7,335	3,156
Resource Management Education and Training	7,257	6,084
Defence Safety Management Agency	1,600	800
Defence Materiel People Development (DMO)	12,580	3,273
Materiel Graduate Scheme <sup>(2)</sup>	1,680	84
Australian Defence College	197,804	1,706
Regional Education Training and Development Units	57,490	10,664
<b>Total</b>	<b>306,314</b>	<b>28,844</b>

**Notes**

1. Total Student Days = (Number Students) x (Number Training Days)
2. Formally the graduate acquisition trainees and graduate acquisition trainee engineers.

# OCCUPATIONAL HEALTH AND SAFETY

Since its inception in July 1999, the Defence Safety Management Agency has focused on developing, implementing and maintaining a Defence-wide safety management system. It will take several more years to move beyond legislative requirements to full implementation of a robust safety system. This requires the agency to continue close cooperation with all Defence Groups to understand the needs of Defence, apply appropriate technology to disseminate information and provide safety management tools.

Policy statements from the Chief of the Defence Force, the Secretary and, progressively, Group Heads have been an important driver for safety in Defence. With the implementation of occupational health and safety measures in the *Defence Matters* balanced scorecard, Defence is seeking to inculcate safety as an integral part of everyday management.

## DEVELOPMENT OF A SAFETY SYSTEM

Defence-wide initiatives, and those within Groups, have been focused on building a robust and effective safety system that is accessible, understandable and easy to use. The safety system is being designed with the users in mind and implemented over the next two to three years.

Defence continued to work on initiatives stated in 1999-2000. These included:

- completely redrafting occupational health and safety policy guidelines into *SafetyMan*, a new publication to be launched in 2001-02;
- continuing and increasing expert advice through the help-line facility (calls increased by 40 per cent in 2000-01);
- developing two new specialist courses - radiation safety and occupation noise and vibration safety - in conjunction with the University of NSW (Australian Defence Force Academy);
- continuing the development of the Defence Safety Management Australia website and tools for use by all in Defence; and
- supporting and responding to the Board of Inquiry into the F-111 'Deseal/Reseal' issue. The Board completed its considerations and submitted a draft report to the Chief of Air Force in early July 2001.

Several new initiatives, which focused on service to clients, commenced in 2000-01:

- A report was commissioned to look into the management reporting requirements needed by senior executives, commanders and managers from the Defcare system. The report has been completed and is under consideration to enable appropriate management tools to be developed.
- A three-year project commenced to rationalise occupational health and safety training across Defence. The initial audit to identify the current status of

training and provide a gap analysis has been completed. The next step is to undertake a study to identify Defence safety competencies.

- A management of safety risks model and supporting guidance and training material was developed.
- An annual safety management conference was reactivated in November 2000. The conference is designed to bring together senior executives, regulators, safety practitioners, commanders and managers to learn about and discuss current safety issues in Defence.
- A review began into cadet safety and a full safety audit of the cadet scheme commenced. The review aims to implement appropriate safety measures for cadets.

## GROUP INITIATIVES

Within each Group in Defence, several important initiatives were undertaken in consultation with the Defence Safety Management Agency. The key initiatives are listed below.

- The Navy Certification, Safety and Acceptance Agency was established in March 2001 to integrate the technical requirements of regulation and certification with safety, test and evaluation, trials and acceptance.
- The inaugural Navy Safety Conference, with a theme of managing safety and risk into the future, was held from 23 to 24 May 2001.
- The Army Capability Management Committee accepted the Army safety management system developed by Defence Safety Management (Land).
- A Defence Personnel Executive safety management implementation plan was developed.
- The Public Affairs and Corporate Communication Group published an occupational health and safety procedures document and included the procedures in an induction program and in briefings to its entire staff.
- The Air Force Ground Safety Agency was established within the Defence Safety Management Agency in April 2001.
- The Defence Science and Technology Organisation established a project team to facilitate implementation of hazardous substances regulations, including the development of policy, risk assessment procedures and training.
- An audit and inspection program of Defence Science and Technology Organisation-owned pressure vessels and lifting devices was implemented. The program included the documentation of all vessels and devices and a periodic inspection program.

## NOTIFICATION AND REPORTING OF INCIDENTS

In accordance with the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, Defence is required to notify Comcare, within specified times, of specific accidents and incidents. In 2000-01, Defence Safety Management Agency received 6,966 incident reports. From these reports, Defence was required to advise Comcare of 2,960 incidents. A breakdown of these is provided in the table below. The large increase in incident reporting to Comcover is due to an improved incident reporting system.

Although incident reporting to Comcare has increased due to an improved reporting system, the number of incident reports overall has decreased. This has occurred as a result of organisational changes leaving personnel uncertain as to who should report and when, as well as changes to reporting forms. This is being addressed by the Defence Safety Management Agency in a communication campaign being undertaken during the 2001-2002 financial year with the aim of increasing reporting over the next two to three years to pre-DRP levels.

**Table 5.20: Incident Reporting**

Reports	1999-2000	2000-01
<b>Defence Safety Management Agency</b>		
Incident reports	8,729	6,966
<b>Comcare</b>		
Dangerous Occurrences	237	18
Dangerous Occurrences with minor injuries	-	1,465
Incidents resulting in incapacity	453	52
Incidents resulting in serious personal injury	1,665	1,425

## INVESTIGATIONS CONDUCTED DURING REPORTING PERIOD BY COMCARE

During 2000-01, Comcare conducted 10 planned investigations of the safety systems within Defence units or establishments as well as 48 reactive investigations as a result of incidents. Two whole-of-agency investigations were undertaken into Defence Estate management and the Royal Australian Air Force.

**Table 5.21: Investigations by Comcare**

Reports	1999-2000	2000-01
Planned Investigations	19	10
Reactive Investigations	53	48
Whole of Agency Investigations	1	2
<b>Total</b>	<b>73</b>	<b>60</b>

## NOTICES ISSUED BY COMCARE INVESTIGATORS

There were six improvement notices issued by Comcare and three prohibition notices with direction to 'remove an immediate threat' to Defence employees. Of the six improvement notices, two have been resolved and four are being reviewed monthly in conjunction with Comcare and the affected areas. Of the three prohibition notices, one has been closed satisfactorily and two are being worked through with the affected areas to establish the most appropriate level of improvement to be implemented.

**Table 5.22: Notices Issued by Comcare**

Reports	1999-2000	2000-01
<b>Comcare</b>		
Improvement Notices	6	6
Prohibition Notices	2	3
<b>Total</b>	8	9

# ANNUAL REPORT ON THE ADMINISTRATION AND OPERATION OF THE *DEFENCE FORCE (HOME LOANS ASSISTANCE) ACT 1990*

The Defence Home Owner Scheme is covered by the *Defence Force (Home Loans Assistance) Act 1990*. Section 39 of the Act requires that an annual report be prepared for the Minister for Defence on the administration and operation of the Act. The annual report for 2000-01 is set out below.

## THE SCHEME

Defence Home Owner is a Commonwealth scheme which provides a subsidy on the interest payable on a home loan for members of the ADF. The scheme is open to permanent ADF members who enlisted on or after 15 May 1985 and to those permanent ADF members who elected to revoke their entitlement under the Defence Service Homes Scheme in favour of a Defence Home Owner entitlement. Reserve personnel who provide part-time effective service are also eligible for assistance.

The Defence Housing Authority administers the scheme for Defence. The benefits are provided under an agreement between the National Australia Bank and the Commonwealth. Under the scheme, the Commonwealth assesses eligibility and entitlement and pays monthly interest subsidies on loans provided by the National Australia Bank. The National Australia Bank provides loans only to ADF members who are assessed as being eligible and are issued with a current entitlement certificate. Interest subsidy is paid on loans between \$10,000 and \$80,000. Couples who are both members of the ADF can apply for a combined subsidised loan of up to \$160,000. The subsidy amount is calculated at 40 per cent of the average monthly interest to be paid over the life of a 25-year loan.

Providing a person has a period of entitlement, the subsidised loans can be used from one home to another during service as often as is required, and once within two years of the date of separation from the ADF.

## SUBSIDY ENTITLEMENT

Generally, the subsidy entitlement period is calculated on the number of completed years of effective full-time service after completion of a five-year qualifying period. The qualifying period for an active Reservist is eight continuous years of effective service.

For members who qualify by length of service, the maximum period for which the subsidy can be paid is 20 years. For members with operational or warlike service, the five-year qualifying period is waived and the maximum period of the subsidy may be extended from 20 to 25 years.

There are special considerations for re-joining members, widows or widowers of deceased eligible persons and members discharged as a result of a compensable disability.

## **OBJECTIVES**

The objectives of the Defence Home Owner Scheme are to:

- attract and retain ADF personnel;
- encourage home ownership during service as a cost effective alternative to rental assistance; and
- assist in the reintegration of ADF personnel into the community on return to civilian employment.

### **ATTRACT AND RETAIN ADF PERSONNEL**

The scheme is one of a number of Defence initiatives designed to influence the attraction and retention rate of ADF personnel. The increase in loans assistance being used by members (including those returning from East Timor), combined with a constant percentage of personnel using the scheme for resettlement back into the civil community, suggests that this objective is being met. Of approved subsidy applications, 36 per cent are for those members returning from East Timor (up from 27 per cent last year).

### **ENCOURAGE FIRST HOME OWNERSHIP AS A COST EFFECTIVE ALTERNATIVE TO ACCOMMODATION ASSISTANCE**

The scheme is part of a package which includes the Home Purchase Assistance and Home Sale and Purchase Assistance schemes. The take-up rate during the year has increased, with applications for entitlement certificates up 40 per cent and applications for subsidy approvals up 50 per cent over last year's figures.

### **ASSIST IN THE REINTEGRATION OF ADF PERSONNEL INTO THE COMMUNITY ON RETURN TO CIVILIAN EMPLOYMENT**

Of new subsidy applications, 24 per cent have been from members taking discharge from the ADF. This demonstrates that the scheme is meeting this objective for those personnel who satisfy the loan criteria.

After ten years of operation, indications are that the scheme is generally meeting its objectives. Over the past year, the take-up rate has increased, primarily due to those with service in East Timor.

## **PROCESSING ACTIVITY**

During 2000-01, there were 2,959 applications for entitlement certificates and 1,863 applications for a loan subsidy were processed. The total number of approved loans current as at 30 June 2001 was 5,051.

## PERFORMANCE EVALUATION OF THE ADMINISTRATION OF THE SCHEME

Defence continues to be satisfied with the administration of the scheme by the Defence Housing Authority. During the reporting period, there was one appeal lodged with the Administrative Appeals Tribunal against a decision made by the delegate. This was withdrawn following mediation.

The National Australia Bank has met its obligations to the Commonwealth under the Act and has generally provided support to the scheme. The National Australia Bank and the Defence Housing Authority have made considerable efforts to streamline the administration processes involved in accessing the subsidy.

**Table 5.23: Applications – By Type of Assistance**

Assistance	1996-97	1997-98	1998-99	1999-2000	2000-01
Buy a home	1,094	1,157	1,011	709	1,332
Re-finance a loan	800	492	333	322	350
Enlarge a home	16	12	12	11	8
Build a home	223	250	193	150	139
Renovate a home	25	28	26	30	34
<b>Total</b>	<b>2,158</b>	<b>1,939</b>	<b>1,575</b>	<b>1,222</b>	<b>1,863</b>

**Note**

1. Prior to 1999-2000, the above figures were taken from the entitlement certificate applications. From 1999-2000, the figures are taken from the subsidy applications.

**Table 5.24: Comparison of Activities**

Activity	1996-97	1997-98	1998-99	1999-2000	2000-01
Applications for Entitlement Certificates Received	2,158	1,938	1,575	2,122	2,959
Entitlement Certificates Issued	1,928	1,809	1,474	2,006	2,829
Applications for Entitlement Certificates Declined/Withdrawn	177	155	106	116	130
Applications for Payment of Subsidy Received	1,328	1,415	941	1,222	1,863
Applications for Payment of Subsidy Approved	1,274	1,390	938	1,194	1,845
Applications for Payment of Subsidy Declined	26	17	13	3	18
Amount of Commonwealth Subsidy Paid	\$2.063m	\$2.970m	\$3.693m	\$4.405m	\$6.614m
Number of Subsidy Payees as at 30 June 2001	2,280	3,132	3,519	3,970	5,051

**Note**

1. Entitlement certificates are valid for 12 months.

## OPERATIONAL COSTS 2000-01

An annual management fee of \$0.446m (including GST) was paid to the Defence Housing Authority by Defence. The authority was also paid a fee in respect of each application for entitlement certificate lodged. These fees totalled \$0.203m (including GST).

The total cost of the scheme in 2000-01 was \$7.263m, consisting of the subsidy (\$6.614m), management fee (\$0.446m) and entitlement certificate application fee (\$0.203m).

