

Photo opposite: the Secretary, Mr Richard Smith, with Defence staff at the Russell Offices, Canberra.

CHAPTER FIVE

People

In this chapter you will find information about the Defence workforce including personnel numbers, people priorities and initiatives, occupational health and safety, and ADF recruitment results.



ADF permanent force enlistments increased by 254 on 2002-03 figures

The Defence APS workforce decreased by 82

A new Defence Employees Certified Agreement and ADF Workplace Remuneration Arrangement were implemented

A whole-of-Defence occupational health and safety plan was completed

A trial ADF spouse employment assistance program was launched in October 2003 to assist the partners of newly posted ADF personnel to find employment in the new locality

The *Military Rehabilitation and Compensation Act 2004* was passed by Parliament during 2004. The resulting Military Rehabilitation and Compensation Scheme, which provides rehabilitation and compensation coverage under one scheme for all forms of ADF service, began on 1 July 2004

Workforce Overview

The workforce overview is in two parts. The first part contains information on average strength during 2003-04, while the second part includes information on the actual number of people employed by Defence as at 30 June 2004. The average funded strength figures are used by Defence for budget and management purposes and provide a measure of Defence's performance against its budget and personnel estimates over the financial year.

Staffing by Average Strength

This section provides information on average staffing levels for the year and compares numbers of personnel with our estimates for the financial year. The following tables assess performance against budget and revised staffing level estimates for 2003-04.

The permanent force average strength was 52,034 including 793 Reservists undertaking full-time service. These Reservists were employed primarily within the other ranks. The decrease of 191 from the projected result is primarily a result of permanent members progressively substituting for Reservists undertaking full-time service at a slower than anticipated rate in the Army. This process continues to move the ADF towards the additional 3,555 average funded strength provided under the Government's commitment to an Army with six full-time battalions and an enhanced combat support group in the Air Force.

Table 5.1 ADF Permanent Force Average Funded Strength⁽¹⁾

	2002-03 Actual	2003-04 Budget Estimate	2003-04 Revised Estimate	2003-04 Projected Result	2003-04 Actual	Variation ⁽²⁾	
Personnel numbers – average strength							%
Navy	12,847	13,000	13,121	13,121	13,133	12	0.1
Army	25,587	25,941	25,731	25,623	25,446	-177	-0.7
Air Force	13,646	13,400	13,460	13,481	13,455	-26	-0.2
Total permanent forces	52,080	52,341	52,312	52,225	52,034	-191	-0.4

Notes

- Staffing numbers for Permanent Forces are based on average funded strengths and include Reservists undertaking full-time service. The average funded strength of Reservists undertaking full-time service was 793, comprising Navy 352, Army 328 and Air Force 113.
- 2003-04 actual compared to the projected result.

The figures below show the number of Reservists who rendered paid service during the financial year. In 2003-04, 20,488 Reservists undertook paid service, 376 less than the projected result of 20,864, but 868 more than in 2002-03. This figure excludes the average number of Reserves on full-time service in the permanent force during 2003-04.

Table 5.2 ADF Reserve Funded Strength⁽¹⁾

	2002-03 Actual	2003-04 Budget Estimate	2003-04 Revised Estimate	2003-04 Projected Result	2003-04 Actual	Variation ⁽²⁾	
Personnel numbers – paid strength							%
Navy	1,404	2,087	1,850	1,850	1,881	31	1.7
Army	16,211	16,700	16,700	16,982	16,445	-537	-3.2
Air Force	2,005	1,658	2,160	2,032	2,162	130	6.4
Total Reserve forces	19,620	20,445	20,710	20,864	20,488	-376	-1.8

Notes

- During the financial year, an average of 793 Reservists undertook full-time service in the permanent force and are included in the permanent force staff table.
- 2003-04 actual compared to the projected result.

The Australian Public Service (APS) full-time equivalent average strength for 2003-04 was 18,303, a decrease of 53 from the projected result of 18,356. The decrease is a result of the planned reduction in APS numbers over a three-year period in response to a significant APS workforce growth during 2002-03, and as a contribution towards Defence's program of administrative savings.

The overall reductions were partially offset by increases, since the *Portfolio Budget Statements 2003-04*, mainly in intelligence capability, project acquisition, air traffic control and the Budget Estimates Framework Review. The outcome also reflected delays in reductions of civilian personnel expected in the rationalisation of the Defence Integrated Distribution System.

Table 5.3 APS Average Funded Strength⁽¹⁾

	2002-03 Actual	2003-04 Budget Estimate	2003-04 Revised Estimate	2003-04 Projected Result	2003-04 Actual	Variation ⁽²⁾	
Defence Groups							%
Navy	741	749	750	727	727	-	-
Army	674	674	681	631	626	-5	-0.8
Air Force	785	842	870	852	842	-10	-1.2
Defence Materiel Organisation Corporate Services and Infrastructure Group	5,957	5,175	5,900	5,997	5,942	-55	-0.9
Defence Personnel Executive	4,459	4,305	4,383	4,419	4,441	22	0.5
Defence Science and Technology Organisation	1,215	1,104	1,115	1,064	1,063	-1	-0.1
Other Groups	2,294	2,267	2,287	2,247	2,241	-6	-0.3
Total APS	18,385	17,377	18,389	18,356	18,303	-53	-0.3

Notes

1. Staffing numbers for APS are based on average full-time equivalent.
2. 2003-04 actual compared to the projected result.

Professional Service Providers

In addition to military and civilian employees, Defence engages as part of its total workforce Professional Service Providers, who are individuals with specialist skills contracted to fill an APS line position usually because of Defence's inability to recruit or retain civilian staff with these skills. Professional Service Providers are not Defence employees but are employed under contractual arrangements. In 2003-04, Defence spent \$201m on Professional Service Providers, which is expensed in the financial statements comprising health expenses (\$68.2m) and supply of goods and services (\$132.8m).

At the commencement of 2003-04 Defence employed the full-time equivalent of 2,311 Professional Service Providers. In response to a growth in both the civilian and Professional Service Provider workforces, Defence instituted a savings program over a three-year period as a contribution towards Defence's Program of Administrative Savings. At the same time, Defence introduced a total workforce concept, which allowed Group Heads to substitute more costly Professional Service Providers with civilian positions, in order to grow Defence's skills base and obtain more cost effective outcomes. As part of this concept, approval has been given for Group Heads to increase the civilian workforce by 360 positions, offset by a reduction of 360 Professional Service Provider positions, as detailed in Table 5.4.

Taking into account these substitutions, a reduction in health service providers (-200) and a small number of additions in relation to Government agreed budget measures (22 in

2004-05 reducing to 2 in 2006-07), Defence's Professional Service Provider workforce will reduce by 626 by 2006-07.

Table 5.4 Current Approved Professional Service Provider Strength

Year	2003-04	2004-05	2005-06	2006-07	2007-08
Original Savings Targets	2,311	2,277	2,243	2,243	2,243
Additional Professional Service Providers from Government budget measures	-	22	6	2	2
Reduction of Health Service Professional Service Providers	-200	-200	-200	-200	-200
Substitution with civilian staff	-95	-359	-360	-360	-360
Current Approved Professional Service Provider Strength	2,016	1,740	1,689	1,685	1,685
Reduction from 2002-03 baseline	-295	-571	-622	-626	-626

Achievement of Civilian Savings

Chart 5.1 shows that since the peak in civilian numbers at pay 18 in 2002-03, actual numbers have decreased by 594 from 18,845 to 18,251. Further ongoing savings will be achieved in 2004-05, especially as Defence Integrated Distribution System staff transition out of the organisation. When the 95 Professional Service Provider substitutions approved in 2003-04 are taken into account, the underlying actual reduction total of 689, with further savings expected in 2004-05 and 2005-06.

Chart 5.1 Movements in Actual Civilian Personnel Numbers from Pay 1 2002-03 to Pay 26 2003-04

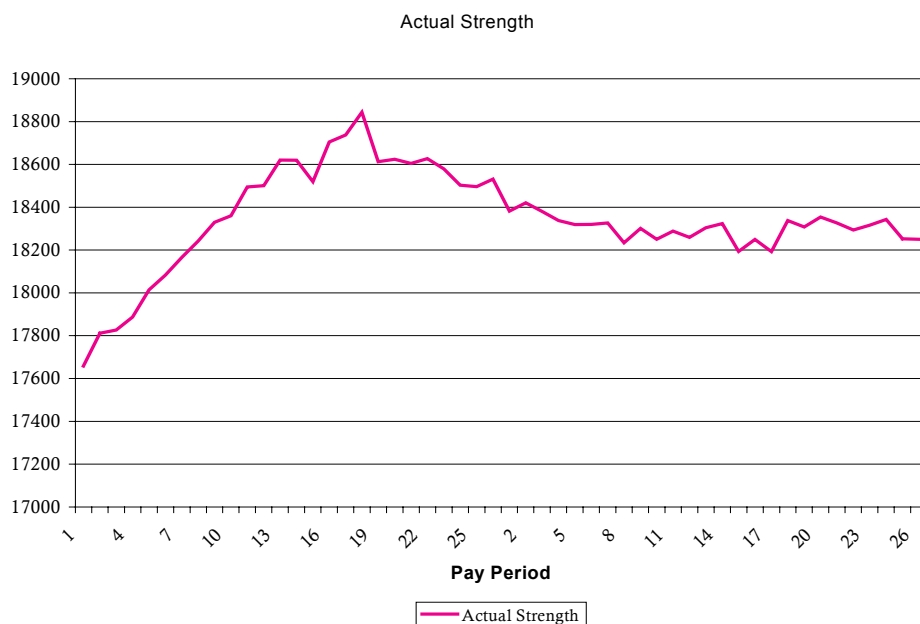


Table 5.5 Breakdown of Average Funded Strengths by Service and Rank

	2002-03 Actual	2003-04 Budget Estimate	2003-04 Revised Estimate	2003-04 Projected Result	2003-04 Actual
Navy					
Star-ranked officers	35	35	35	36	34
Senior officers	432	430	420	439	434
Junior officers	2,380	2,378	2,372	2,362	2,446
Other ranks	10,000	10,157	10,294	10,284	10,219
Sub-total permanent Navy	12,847	13,000	13,121	13,121	13,133
Reserves	1,404	2,087	1,850	1,850	1,881
Sub-total Navy	14,251	15,087	14,971	14,971	15,014
Army					
Star-ranked officers	50	56	56	49	49
Senior officers	558	557	557	588	576
Junior officers	4,458	4,669	4,637	4,499	4,524
Other ranks	20,521	20,659	20,481	20,487	20,297
Sub-total permanent Army	25,587	25,941	25,731	25,623	25,446
Reserves	16,211	16,700	16,700	16,982	16,445
Sub-total Army	41,798	42,641	42,431	42,605	41,891
Air Force					
Star-ranked officers	35	37	37	37	36
Senior officers	517	500	514	521	518
Junior officers	3,489	3,411	3,557	3,551	3,550
Other ranks	9,605	9,452	9,352	9,372	9,351
Sub-total permanent Air Force	13,646	13,400	13,460	13,481	13,455
Reserves ⁽¹⁾	2,005	1,658	2,160	2,032	2,162
Sub-total Air Force	15,651	15,058	15,620	15,513	15,617
APS					
Senior executives	110	117	117	115	102
Senior executive relief staff ⁽³⁾⁽⁵⁾	20	9	9	-	21
Senior officers ⁽²⁾	3,539	3,120	3,562	3,860	3,649
Senior officer relief staff ⁽³⁾⁽⁵⁾	295	276	288	-	240
Others	14,421	13,855	14,413	14,381	14,291
Sub-total APS	18,385	17,377	18,389	18,356	18,303
Professional Service Providers⁽⁴⁾⁽⁶⁾	-	2,311	2,000	2,000	1,878
Total Workforce	90,085	92,474	93,411	93,445	92,703

Notes

1. The 2003-04 Reserve strength represents Reservists who undertook paid service.
2. Senior Officers comprise substantive Executive Levels 1 and 2.
3. Relief staff represent the full-time average of personnel acting within a higher classification for short duration pending permanent filling action or while the incumbents are taking leave, acting in higher positions or are on secondment to other agencies.
4. Professional Service Providers are individuals under contract filling line positions.
5. No split between substantive and relief staff was available for the projected result.
6. Professional Service Provider numbers were not tracked until 2003-04.

Employee Expenses

	2003-04 Budget Estimate ⁽¹⁾ \$m	2003-04 Revised Estimate \$m	2003-04 Projected Result \$m	2003-04 Actual Result \$m	Variation \$m	Variation %
Salary and Allowances	3,451.5	3,413.0	3,416.8	3,143.7	-273.1	-8.0
Superannuation	658.0	658.0	901.9	671.5	-229.6	-25.5
Leave Liability	94.8	94.8	244.3	242.1	-2.2	-0.9
Housing	381.9	378.8	375.1	385.7	10.6	2.8
Compensation	134.2	144.3	143.2	451.9	308.7	215.6
Health	129.5	137.3	132.0	150.1	18.1	13.7
FBT	267.2	267.2	268.4	297.0	28.6	10.7
Sub Total Permanent ADF	5,117.1	5,093.3	5,481.7	5,342.0	-138.9	-2.5
Navy Reserves	12.8	12.0	13.5	13.3	-0.2	-1.5
Army Reserves	89.0	88.8	87.8	89.6	1.8	2.1
Air Force Reserves	14.7	17.0	15.8	18.5	2.7	17.1
Sub Total Reserves	116.5	117.8	117.1	121.4	4.3	3.7
Salary and Allowances	1,092.7	1,085.1	998.4	997.4	-1.0	-0.1
Superannuation	192.3	191.0	200.7	183.4	-17.3	-8.6
Leave Liability	38.2	38.0	114.8	161.4	46.6	40.6
Other Expenses	18.4	19.6	19.6	21.1	1.5	7.7
Sub Total APS	1,341.6	1,333.6	1,333.5	1,363.2	29.7	2.2
Total Employees	6,575.3	6,544.7	6,932.3	6,826.6	-105.7	0.0

Note

- The Budget Estimate above is the Adjusted Budget Estimate as published in the *Portfolio Additional Estimates Statements 2003-04*. This reflects the true budget estimate of ADF employees in 2003-04, as it does not include the \$64.4m estimate of the reimbursement of the 2002-03 employee expenses for Operations Bastille and Falconer.

The actual result for employee expenses in 2003-04 totalled \$6,826.6m, representing a decrease of \$105.7m from the 2003-04 projected result of \$6,932.3m which was within 1.5 per cent of the estimate. The variation comprises permanent military employees (-\$139.7m), Reserve employees (\$4.3m) and civilian employees (\$29.7m).

Permanent Military Employees (-\$138.9m)

- This decrease of \$138.9m was due to:
 - the decision not to proceed with the proposed transfer of the liability for the Defence Force Retirement and Death Benefits scheme 3 per cent productivity benefit from the administered to departmental accounts (-\$220.0m);
 - overstatement of the military employees salaries and superannuation payments in 2003-04 (-\$21.6m);
 - reduced salaries and allowance and superannuation payments due to the lower than planned average funded strength of 191 comprising Navy (12), Army (-177) and Air Force (-26) (-\$18.4m);
 - an overestimate of long service and annual leave to be paid in 2003-04 (-\$17.3m);
 - decreased take-up rate and overstatement of the estimate for the Home Purchase Assistance Scheme (-\$11.4m);
 - an overstatement of the estimate for salary advances (-\$10.0m);

- a review of employee allowance entitlements recognising overpayment of Army military allowances (-\$9.7m);
- an adjustment for an actuary review of compensation expense which projected higher longer term incapacity payments (+5 per cent), higher medical payments (+25 per cent) and higher establishment costs for claims (+\$121.0m);
- decrease in the number and value of claims for lump sum compensation for permanent impairment (-\$8.8m);
- increase in housing expenses including buy-out of old base housing annuities and increased take-up rate of members without dependents using rental assistance rather than living-in accommodation (+\$10.6m);
- increased health costs principally relating to medical and professional fees (+\$18.1m); and
- an understatement of fringe benefits tax payable for rental allowance for members without dependants (+\$28.6m).

Reserves Employees (+\$4.3m)

ADF Reserves expenses totalled \$121.4m, representing an increase of \$4.3m from the 2003-04 projected result of \$117.1m. This was primarily due to increased activity by officers and instructors of cadets (+\$1.0m) and a higher than projected use of Reserve days by non-Service groups (+\$3.4m).

Civilian Employees (+\$29.7m)

- Civilian employee expenses totalled \$1,363.2m, representing an increase of \$29.7m on the projected result of \$1,333.5m. The increase was mainly due to:
 - the recognition of Defence Integrated Distribution System redundancy costs in 2003-04, rather than in 2004-05 as originally planned (+\$23.0m);
 - the increase in the future leave liability costs resulting from both the *2004-06 Defence Employees Certified Agreement* (+\$30.4m) and associated superannuation rate increases (+\$8.2m);
 - an underestimate of the impact of the changing profile of members in the Commonwealth Superannuation and Public Sector Superannuation schemes (+\$12.8m);
 - the recalculation of accrual leave balances arising from actuarial reviews and errors in certain aspects of the estimates (+\$8.0m). There was no cash impact in 2003-04;
 - the payment of superannuation liabilities to the University of New South Wales at the Australian Defence Force Academy at a lower level than estimated and from supplier expenses rather than from civilian employees (-\$30.1m). In the event, an interim payment of \$20.0m was made pending finalisation of the final amount in 2004-05;

- reduction due to lower numbers (53 less full-time equivalent average) than planned in 2003-04 (-\$2.8m); and
- an overstatement of the civilian employee salaries in 2003-04 and other minor variations (-\$19.7m).

Costs of the Reserve

The Joint Standing Committee for Foreign Affairs, Defence and Trade, in its review of the *Defence Annual Report 2001-02*, recommended that greater visibility be provided of the personnel costs of the Reserves. Salaries and allowances costs for the Reserve are shown in Table 5.5 and Table 5.7 provides details of the costs in supplier expenses relating to the Reserves Enhancement Initiatives.

	2003-04	2003-04	2003-04	2003-04	Variation	
	Budget	Revised	Projected	Actual		
	Estimate	Estimate	Result	Result	\$m	%
	\$m	\$m	\$m	\$m	\$m	%
Reserve Enhancement	19.5	17.5	14.4	14.5	0.1	0.7

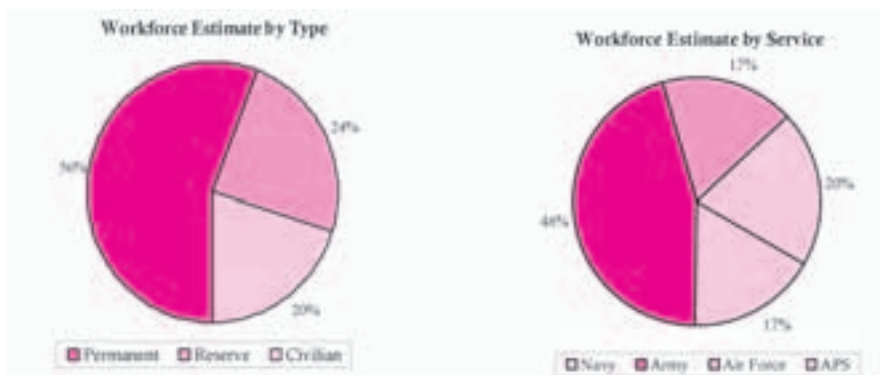
The Reserves Enhancement Initiative provided funds to make employer support payments, which help compensate employers who release employees for Reserve service.

Actual Staffing as at 30 June 2004

This section outlines the changes in the workforce that occurred during 2003-04, and provides personnel information at, or up to, 30 June 2004. It includes numbers of personnel, employment categories and locations, gender information, and details of recruiting and separation during the year.

At 30 June 2004, Defence had 71,273 permanent employees comprising 52,245 permanent ADF members and 19,028 APS personnel. The ADF Reserve Force comprised 22,154 employees. The total ADF workforce included 15,737 Navy permanent and Reserve members, 42,337 Army permanent and Reserve members and 16,325 Air Force permanent and Reserve members. The charts below show the percentage of personnel by type of service (ADF, APS, Reserves) and then by the Service to which they belong.

Chart 5.2 Defence Workforce Staffing as at 30 June 2004



At 30 June 2004, there were 19,030 APS personnel. This number includes all APS personnel Defence has recorded as employees and includes full-time, part-time, ongoing and non-ongoing, and paid and unpaid employees.

This was 60 less personnel than the same time last year and is an overall decrease of approximately 0.3 per cent. This reflects the planned reduction in APS numbers in response to significant APS workforce growth during 2001 and 2002. The reductions were partially offset by civilianisation of Service positions in non-operational functions, an increase in personnel for the war against terrorism, support of increased operational commitments and delays in market-testing elements of the workforce. More women worked in Defence this year with 12 more than the 30 June 2003 level, an increase of just under 0.2 per cent. The decrease in male participation was 72 below the 30 June 2003 level or slightly under 0.6 per cent.

Professional Service Providers are persons contracted for specialist tasks for finite periods. Examples include health professionals and para-professionals, project managers and information technology engineers. The cost of Professional Service Providers is predominantly recorded as supplier expenses. In accordance with the Defence Workforce Plan 2004-14, Professional Service Providers are managed as part of the total Defence workforce using the full-time equivalent average as a measure. The employment of around 1,900 Professional Service Providers is not included in Chart 5.1 above.

Table 5.8	Defence Personnel Comparison as at 30 June 2003 ⁽¹⁾ and 30 June 2004				
	Navy	Army	Air Force	APS	Total
2002-03					
Permanent	12,864	25,289	13,638	-	51,791
Public Service	-	-	-	19,088	19,088
Total	12,864	25,289	13,638	19,088	70,879
2003-04					
Separations⁽²⁾					
Permanent	1,329	2,811	998	-	5,138
Public Service	-	-	-	1,950	1,950
Sub-total	1,329	2,811	998	1,950	7,088
2003-04					
Additions⁽³⁾					
Permanent	1,670	2,977	945	-	5,592
Public Service	-	-	-	1,890	1,890
Sub-total	1,670	2,977	945	1,890	7,482
2003-04					
Permanent	13,205	25,455	13,585	-	52,245
Public Service	-	-	-	19,028	19,028
Total	13,205	25,455	13,585	19,028	71,273
Variation	341	166	-53	-60	394

Notes

1. 30 June 2003 figures are sourced from the *Defence Annual Report 2002-03*.
2. Separations include all personnel who have left the Defence workforce through voluntary and involuntary redundancy, age or voluntary retirement, or transfer to other agencies.
3. Additions include all personnel who have joined the Defence workforce through direct recruitment action, including transfers from other agencies and non-ongoing personnel.

The Defence Workforce by Gender and Employment Category

Table 5.9	ADF Permanent and Reserve Forces, and APS Personnel, by Gender and Employment Category ^{(1) (2)}							
	As at 30 June 2003				As at 30 June 2004			
	Men	%	Women	%	Men	%	Women	%
Navy								
<i>Trained Force</i>								
Officers	1,682	13.1	331	2.6	1,683	12.7	334	2.5
Other ranks	7,385	57.4	1,417	11.0	7,542	57.1	1,475	11.2
<i>Training Force</i>								
Officers	551	4.3	182	1.4	597	4.5	194	1.5
Other ranks	1,084	8.4	232	1.8	1,082	8.2	298	2.3
Total	10,702	83.2	2,162	16.8	10,904	82.6	2,301	17.4
Army								
<i>Trained Force</i>								
Officers	3,824	15.1	611	2.4	3,925	15.4	639	2.5
Other ranks	17,530	69.3	1,740	6.9	17,214	67.6	1,732	6.8
<i>Training Force</i>								
Officers	554	2.2	110	0.4	569	2.2	105	0.4
Other ranks	844	3.3	76	0.3	1,138	4.5	133	0.5
Total	22,752	90.0	2,537	10.0	22,846	89.8	2,609	10.2
Air Force								
<i>Trained Force</i>								
Officers	2,949	21.6	504	3.7	2,965	21.8	509	3.7
Other ranks	7,505	55.0	1,298	9.5	7,517	55.3	1,279	9.4
<i>Training Force</i>								
Officers	546	4.0	127	0.9	527	3.9	137	1.0
Other ranks	608	4.5	101	0.7	539	4.0	112	0.8
Total	11,608	85.1	2,030	14.9	11,548	85.0	2,037	15.0
ADF Permanent								
<i>Trained Force</i>								
Officers	8,455	16.3	1,446	2.8	8,573	16.4	1,482	2.8
Other ranks	32,420	62.6	4,455	8.6	32,273	61.8	4,486	8.6
<i>Training Force</i>								
Officers	1,651	3.2	419	0.8	1,693	3.2	436	0.8
Other ranks	2,536	4.9	409	0.8	2,759	5.3	543	1.0
Total	45,062	87.0	6,729	13.0	45,298	86.7	6,947	13.3
Reserves⁽³⁾								
Navy	1,294	6.0	322	1.5	2,032	9.2	500	2.3
Army	14,457	67.0	2,715	12.6	14,304	64.6	2,578	11.6
Air Force	2,273	10.5	527	2.4	2,212	10.0	528	2.4
Total	18,024	83.5	3,564	16.5	18,548	83.7	3,606	16.3
APS								
Total	12,448	65.2	6,640	34.8	12,376	65.0	6,652	35.0

Notes

1. Figures in the table are actual staff numbers as at 30 June 2003 and 30 June 2004.
2. Percentage figures are calculated against the individual Service totals. The Service totals for 2003-04 can be found in Table 5.13.
3. Figures are Reserves with training obligations.

Table 5.10 APS Personnel by Gender and Category as at 30 June 2004⁽¹⁾⁽²⁾⁽³⁾

Category	Gender	Full-time	Part-time	Total
Ongoing employees	Male	11,982	52	12,034
	Female	6,032	233	6,265
Non-ongoing employees	Male	330	12	342
	Female	364	23	387
Total	Male	12,312	64	12,376
	Female	6,396	256	6,652
Total APS personnel		18,708	320	19,028

Notes

1. Figures in this table show actual staff numbers.
2. Figures exclude locally engaged civilians overseas.
3. Figures include paid and unpaid staff.

Defence Senior Management**Table 5.11** Star-ranked Officers as at 30 June 2004

	Total star rank ⁽¹⁾			2003-04 promotions ⁽²⁾			2003-04 separations ⁽³⁾		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Four Star									
Navy	-	-	-	-	-	-	-	-	-
Army	1	-	1	-	-	-	-	-	-
Three Star									
Navy	2	-	2	-	-	-	-	-	-
Army	2	-	2	1	-	1	-	-	-
Air Force	1	-	1	-	-	-	-	-	-
Two Star									
Navy	7	-	7	2	-	2	2	-	2
Army	9	-	9	1	-	1	-	-	-
Air Force	7	1	8	1	1	2	1	-	1
One Star									
Navy	28	-	28	6	-	6	3	-	3
Army	34	-	34	5	-	5	9	-	9
Air Force	27	-	27	5	-	5	3	-	3
Total	118	1	119	21	1	22	18	0	18

Notes

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

Table 5.12 APS Senior Executive Service staff as at 30 June 2004⁽¹⁾⁽²⁾

	Total SES			2003-04 Engagements ⁽³⁾			2003-04 Separations ⁽⁴⁾		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior Executive Band 1	47	21	68	8	7	15	9	3	12
Senior Executive Band 2 ⁽⁵⁾	14	3	17	2	-	2	6	1	7
Senior Executive Band 3	6	-	6	1	-	1	1	-	1
Chief of Division Grade 2	12	-	12	1	-	1	1	-	1
Chief of Division Grade 3	3	-	3	1	-	1	1	-	1
Senior Executive Relief Staff	12	2	14	-	-	-	-	-	-
Total	94	26	120	13	7	20	18	4	22

Notes

- Figures in this table show actual staff numbers at their substantive level and officers on higher duties pending permanent filling action.
- Gains and losses do not reflect movement of officers between levels in each of the Senior Executive Service and Chief of Division streams.
- Engagement figures include new engagements, promotions and transfers from other agencies for ongoing employees only.
- Separation figures include resignations and redundancies, and promotions and transfers to other departments for ongoing employees only.
- Senior Executive Band 2 includes Medical Officer Grade 6.

Distribution of Defence Personnel**Table 5.13 Distribution of Defence Personnel by Employment Location as at 30 June 2004⁽¹⁾**

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT ⁽²⁾	O/S ⁽³⁾	Total
Permanent Forces⁽⁴⁾⁽⁵⁾										
Navy ⁽⁶⁾	5,483	2,117	801	75	2,645	19	533	1,374	158	13,205
Army	5,414	3,303	9,479	645	863	116	3,403	1,960	272	25,455
Air Force	4,900	1,134	2,433	1,879	398	10	1,084	1,486	261	13,585
Sub Total	15,797	6,554	12,713	2,599	3,906	145	5,020	4,820	691	52,245
Reserve Forces⁽⁵⁾⁽⁷⁾⁽⁸⁾										
Navy	807	276	331	98	328	108	34	546	4	2,532
Army	4,707	2,837	4,192	1,280	1,822	661	664	681	38	16,882
Air Force	596	375	764	297	192	59	71	382	4	2,740
Sub Total	6,110	3,488	5,287	1,675	2,342	828	769	1,609	46	22,154
Total	21,907	10,042	18,000	4,274	6,248	973	5,789	6,429	737	74,399
APS⁽⁹⁾	3,757	3,990	1,587	1,951	623	97	390	6,516	117	19,028
Grand Total	25,664	14,032	19,587	6,225	6,871	1,070	6,179	12,945	854	93,427

Notes

- Figures in this table show actual staff numbers as at 30 June 2004 and are not average funded strengths.
- ACT includes personnel located at Jervis Bay.
- Permanent Forces and Reserves overseas represent personnel posted for long-term duty and deployments.
- Permanent Forces figures include paid and unpaid members.
- Personnel are shown in the location from which they are administered.
- Personnel serving in ships are included against the state or territory in which the ship is home-ported.
- Reserve forces figures include Reserves on continuous full-time service.
- Figures are Reserves with training obligations.
- APS figures include full-time, part-time, ongoing, non-ongoing, paid and unpaid employees.

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	O/S ⁽²⁾	Total
Secretary	-	-	-	-	-	-	-	1	-	1
Senior Executive Service ⁽³⁾⁽⁴⁾	-	5	1	9	-	-	-	88	3	106
Temporarily Vacant ⁽⁵⁾	-	-	-	1	-	-	-	13	-	14
SES Relief Staffing ⁽⁶⁾	-	-	-	0	-	-	-	5	-	5
Executive Levels ⁽⁷⁾	325	692	77	687	65	6	21	1,909	81	3,863
Executive Relief Staffing ⁽⁸⁾	32	36	15	14	5	-	1	157	-	260
Other APS Levels ⁽⁹⁾	3,400	3,255	1,494	1,238	553	91	368	4,347	33	14,779
Total	3,757	3,988	1,587	1,949	623	97	390	6,520	117	19,028

Notes

- Figures in the table show actual staff numbers as at 30 June 2004 and include personnel who are on some form of unpaid leave.
- Overseas figures represent personnel posted for long and short-term duty as at 30 June 2004.
- Senior Executive Service includes Under Secretary, Chief Executive Officer Defence Materiel Organisation, Deputy Secretary, First Assistant Secretary, Assistant Secretary, Chief of Division and Medical Officer 6 classifications.
- Figures reflect 106 officers at their substantive level.
- Figures reflect SES positions pending permanent filling action.
- SES relief staffing indicates non-SES officers who are temporarily acting in SES positions. These officers are on higher duties while the incumbents are taking leave, acting in higher positions or on secondment to other agencies.
- Executive levels include levels 1 and 2 and Senior Principal Research Scientists and Medical Officer Grade 4.
- Executive relief staffing indicates APS levels temporarily acting in executive level positions pending permanent filling action or while incumbents are taking leave, acting in higher positions or on secondment to other agencies.
- APS levels include Australian Public Service levels 1 to 6, information technology, professional, technical, and trade/physical officers.

ADF Enlistments and Recruiting

The ADF enlisted 5,592 permanent members, 4,695 men and 897 women, for the 12 months up to 30 June 2004, as shown in Table 5.15. This was 254 more than in 2002-03.

Continuing improvement in numbers in the Reserve component of the ADF is evident with an increase of 566, from 21,588 during 2002-03 to 22,154 during 2003-04. Reserve enlistments reduced to 2,494 in 2003-04 compared to the 3,065 recruited in 2002-03. The 571 fewer enlistments in 2003-04 was offset by improved retention, producing the overall increase in the Reserves.

The overall recruiting achievement against targets for the permanent and Reserve forces for 2003-04 was 86 per cent, which was 2 per cent higher than in 2002-03.

Table 5.15 Permanent Force Enlistments 2002-03 and 2003-04⁽¹⁾⁽²⁾⁽³⁾

	Navy		Army		Air Force ⁽⁴⁾		ADF	
	Men	Women	Men	Women	Men	Women	Men	Women
2002-03								
<i>Trained Force</i>								
Officers	14	2	167	28	-	-	181	30
Other ranks	65	10	256	58	-	-	321	68
<i>Training Force</i>								
Officers	134	43	287	51	247	65	668	159
Other ranks	1,093	312	1,590	160	609	147	3,292	619
Total	1,306	367	2,300	297	856	212	4,462	876
2003-04								
<i>Trained Force</i>								
Officers	58	5	182	38	29	5	269	48
Other ranks	49	6	154	31	75	22	278	59
<i>Training Force</i>								
Officers	164	59	250	51	164	44	578	154
Other ranks	1,044	285	2,050	221	476	130	3,570	636
Total	1,315	355	2,636	341	744	201	4,695	897

Notes

1. Figures in this table show actual staff.
2. Enlistments exclude Reserves commencing periods of full-time duty.
3. Figures include inter and intra-Service transfers processed by the Services and, therefore, do not correlate with the recruiting activity shown in Table 5.16.
4. All Air Force recruits are enlisted into the training force.

Table 5.16 ADF Permanent Force Recruiting Activity 2002-03 and 2003-04

	Navy	Army	Air Force	ADF
2002-03				
Total inquiries ⁽¹⁾	14,780	41,952	28,414	85,312
Formal applications	4,560	7,185	5,897	17,642
Applicants enlisted	1,556	1,842	924	4,322
Target	1,842	2,342	980	5,164
Percentage achieved	84	79	94	84
2003-04				
Total inquiries	9,575	29,043	20,342	83,968⁽²⁾
Formal applications	4,160	7,689	4,108	15,957
Applicants enlisted ⁽³⁾	1,515	2,418	814	4,747
Target	1,760	2,862	908	5,530
Percentage achieved	86	84	90	86

Notes

1. This figure includes 166 full-time tri-Service inquiries that relate to inquirers who were undecided on which Service they wished to pursue full-time.
2. Of this figure, 25,008 general inquiries, for permanent and Reserve service in the ADF, were received via a tri-Service Internet portal that was introduced in 2003-04.
3. These figures only include *ab initio* enlistees and, therefore, do not correlate with the enlistments shown in Table 5.15.

Chart 5.3 Permanent Force Recruiting Target versus Achievement for 2002-03 and 2003-04

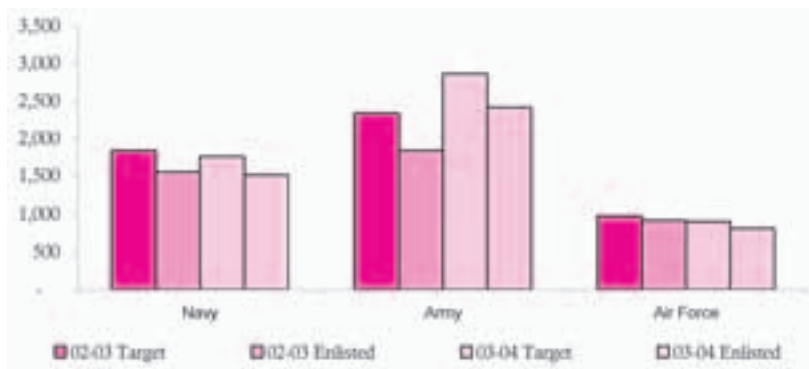


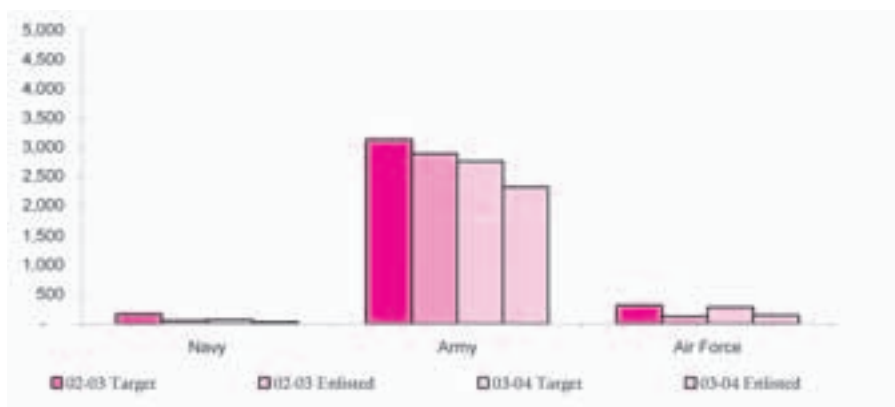
Table 5.17 Reserve Force Recruiting Activity for 2002-03 and 2003-04

	Navy	Army	Air Force	ADF
2002-03				
Total inquiries ⁽¹⁾	898	24,946	2,876	28,727
Formal applications	157	7,622	577	8,356
Applicants enlisted	54	2,889	122	3,065
Target	160	3,129	316	3,605
Percentage achieved	34	92	39	85
2003-04				
Total inquiries ⁽²⁾	1,115	19,510	3,320	23,945
Formal applications	90	6,222	1,546	7,858
Applicants enlisted	31	2,317	146	2,494
Target	73	2,759	283	3,115
Percentage achieved	42	84	52	80

Notes

1. This figure includes an additional seven part-time tri-Service inquiries that relate to inquirers who were undecided on which Service they wished to join.
2. There were an additional 25,008 general inquiries, for permanent and Reserve service in the ADF, via a tri-Service Internet portal that was introduced in 2003-04.

Chart 5.4 Reserve Force Recruiting Target versus Achievement for 2002-03 and 2003-04



Separations

In 2003-04, separation rates for the permanent force were:

- Navy - 10 per cent;
- Army - 11 per cent;
- Air Force - 7 per cent; and
- ADF - 10 per cent.

The total number of ADF separations increased slightly from 2002-03, due largely to increased separations by Army other ranks and Air Force officer cadets. Separation rates remain below the ten-year average separation rate for each Service and the ADF as a whole.

		Voluntary	Involuntary ⁽³⁾	Age Retirement	Cadets and Trainees	Total
2002-03						
Navy	Officers	176	17	5	41	239
	Other ranks	778	157	-	317	1,252
Army	Officers	323	35	12	98	468
	Other ranks	1,190	428	9	412	2,039
Air Force	Officers	209	10	1	35	255
	Other ranks	652	71	20	111	854
Total ADF	Officers	708	62	18	174	962
	Other ranks	2,620	656	29	840	4,145
2003-04						
Navy	Officers	154	17	1	49	221
	Other ranks	715	146	-	247	1,108
Army	Officers	302	32	4	101	439
	Other ranks	1,310	654	6	402	2,372
Air Force	Officers	200	11	1	69	281
	Other ranks	515	67	25	110	717
Total ADF	Officers	656	60	6	219	941
	Other ranks	2,540	867	31	759	4,197

Notes

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

		Voluntary	Involuntary	Resignation/ Retirement	Transfers ⁽¹⁾	Total
2002-03						
SES		-	-	9	1	10
Senior Officers		32	10	172	26	240
Other Staff		69	91	1,894	115	2,169
Total APS		101	101	2,075	142	2,419
2003-04						
SES		8	1	7	6	22
Senior Officers		34	13	183	51	281
Other Staff		91	110	1,314	132	1647
Total APS		133	124	1,504	189	1,950

Note

1. Transfers to other agencies.

Performance against People Matter Priorities for 2003-04

This section reports on performance against the priorities included in the People Matter sections of the *Portfolio Budget Statements 2003-04* and in the *Portfolio Additional Estimates Statements 2003-04*. The people goal is to ensure that Defence has the right ADF and civilian personnel with the right skills and experience to provide the capabilities we need to undertake complex military operations.

Implement Agreed Recommendations from the Strategic Workforce Planning Review

Achieved

Implementation started in mid-2003 and will continue in 2004-05. Key results so far include new processes to address workforce shortfalls in critical employment categories and to ensure better workforce planning for major acquisition projects in the Defence Capability Plan.

Implement Initiatives to Improve Retention of Military Personnel

Substantially Achieved

The continuing focus on retention issues resulted in maintenance of the overall separation rate of 10 per cent from a high of approximately 14 per cent in 2000-01.

Implement Strategies to Target Shortages in the ADF Workforce

Achieved

In early 2004, the ADF tertiary recruitment campaign targeted university students for direct entry, graduate and undergraduate entry. A technical trades campaign in mid-2004 resulted in a significant number of inquiries and applicants. Following a successful trial, the project to centralise Australian Defence Force Academy officer selection boards to improve officer recruitment was fully implemented. Recruitment and retention strategies have contributed to an increased enlistment and retention of women in the ADF.

Continuing Improvements to ADF Health:

Continue to Implement the Defence Injury Prevention Program

Achieved

From 2000 to 2003, the program was successfully implemented at a number of pilot sites, covering 15 per cent of the full-time ADF population. In February 2004, the program was implemented in the 3rd Brigade (Townsville, Queensland) and will be implemented in the 1st Brigade (Darwin, Northern Territory) in September 2004. Planning is under way with individual Service representatives for implementation at other Army locations and at Navy sites. To date, results have indicated 20-70 per cent reductions in the reported overall rates of injury per 1,000 troops within two years of program implementation.

Implement HealthKEYS

Partially achieved

Implementation of HealthKEYS began in October 2003 at three ADF bases and the program is progressing as planned. Full implementation is expected in 2005. HealthKEYS is the injury surveillance provider for the Defence Injury Prevention Program and captures accident and injury data.

Implement Initiatives from the ADF Mental Health Strategy

Partially Achieved

Initiatives successfully implemented include:

- a major mental health literacy campaign including the development of a mental health website;
- the establishment of a network of ADF regional mental health teams;
- the development of a tri-Service framework for the mental health management of ADF members; and
- the piloting of the ADF 'Coming Home Readjustment Program' as an early intervention for post-operational adjustment problems.

Implement the ADF Alcohol and Other Drugs Management Program

Partially Achieved

The ADF Alcohol and Other Drugs Service is an initiative of the ADF Mental Health Strategy. Milestones achieved include:

- establishment of strategic working relationships with key Australian agencies in the alcohol and drug area, and other military forces;
- training over 400 ADF health and allied health professionals to equip them to conduct frontline interventions in line with contemporary 'best practice methods';
- producing and distributing fact sheets, establishing a website and working in partnership with the Department of Veterans' Affairs on the 'Changing the Mix' self-help correspondence program, for people wishing to reduce alcohol consumption;
- organising alcohol and drug-related health promotional activities linked to the National Alcohol Campaign; and
- reviewing the Royal Australian Navy Alcohol and Drug Program and the Alcohol Rehabilitation and Education Program with the aim of improving services, in particular the coordination of service delivery.

Develop a Suicide Prevention Training Program

Partially Achieved

The ADF suicide prevention training program is an initiative of the ADF Mental Health Strategy. Major milestones achieved in 2004 include:

- testing a confidential 'all hours support line' for ADF members;
- signing a contract with Living Works (Lifeline Australia) to provide the ADF with training in the areas of suicide awareness, suicide first aid interventions and increasing clinical skill levels for mental health professionals;
 - 48 mental health providers and professionals have completed a train-the-trainer course for suicide first aid interventions and are now running courses throughout Australia, with another 24 trainers to be trained in August 2004; and
- developing a website for the program.

Address the Career Structure and Salary Levels of Health Professionals

Partially Achieved

The Defence Force Remuneration Tribunal approved the introduction of a competency-based career and salary structure for ADF medical officers in July 2003. During August 2003 to May 2004, 116 ADF medical officers and 206 Reserve Force medical officers (approximately 30 per cent of the total number of Reserve medical officers) had their competency levels assessed by the Medical Officer Professional Career Development Committee.

The new structure has an inherent training liability and work is being undertaken to clearly delineate financial and administrative responsibilities and procedures to ensure that the required military, military medical and postgraduate medical training is undertaken by medical officers to meet the agreed level of medical capability. Where possible, this will be standardised across the three Services.

Finalise the Study of Health Outcomes of Aircraft Maintenance Personnel

Partially Achieved

The study is being undertaken by researchers at the University of Newcastle under a contract administered by the Department of Veterans' Affairs, on behalf of Defence. The first results of the study were issued in June 2004. The final volumes of the *General Health and Medical Study*, which are key components, will be completed in September 2004. Following review and acceptance by the independent Scientific Advisory Committee, the Department of Veterans' Affairs and Defence, it is anticipated that the final report will be provided to the Chief of Air Force in October 2004.

Develop a Civilian Certified Agreement to replace the Defence Employees Certified Agreement 2002-03

Achieved

The *Defence Employees Certified Agreement 2004-06* was finalised prior to the expiry of the 2002-03 agreement and commenced on 1 January 2004. The agreement provides for a 10 per cent increase in pay over the period.

The agreement builds on the principles-based employment framework introduced in the previous certified agreement, with particular focus on:

- improving the linkages between individual performance and organisational outcomes;
- strategies to attract and retain employees in identified critical employment categories;
- work-life balance initiatives, including encouraging employees to take credited leave; and
- support for ongoing reform, particularly in relation to travel and administrative support.

Where appropriate, the *Defence Employees Certified Agreement 2004-06* and the *ADF Workplace Remuneration Arrangement 2004-06* were developed simultaneously, in order to achieve productivity savings across Defence. Travel reform, both arrangements and allowances, and remote locality entitlements were particularly suited to this unified approach.

Develop a Replacement Workplace Remuneration Arrangement for the ADF

Achieved

The Defence Force Remuneration Tribunal set in place a new workplace remuneration arrangement for the ADF in March 2004. The new arrangement is effective from May 2004 to November 2006 and will provide for a 10 per cent increase in pay during this period.

Review of Australian Defence Force Remuneration

Achieved

In 2001, the *Review of Australian Defence Force Remuneration 2001* (the Nunn Review) was undertaken. The review resulted in a report, *Review of Australian Defence Force Remuneration 2001*, for consideration by the Minister for Defence and the Minister for Finance and Administration. Following a period of further consultation within Defence, the Government considered the Defence response to the report in March 2004. Recommendations in the response were accepted, including that essential pay reform continue to be progressed through the Defence Remuneration Reform Project. The intended outcomes of the project are broadly consistent with the major recommendations in the Nunn Review, regarding the reform of allowances in the nature of pay and the introduction of more flexible pay structures for ADF members.

Develop a Phased Approach to Remuneration Reform in the ADF

Partially achieved

Remuneration reform is being progressed in three phases:

- Phase 1, the identification of the components of complex environmental allowances was completed in February 2003;
- Phase 2 arrangements completed to superannuate the qualification and skill elements of specified allowances; and
- Phase 3, the development of a flexible pay structure for officers in association with the Defence Force Remuneration Tribunal and the Department of Employment and Workplace Relations.

Develop a Whole-of-Defence Strategic Occupational Health and Safety Plan

Achieved

The Defence Occupational Health and Safety Strategic Plan was completed in February 2004 and funds were allocated for its implementation over the next ten years. The plan, which is now being implemented, sets out Defence's occupational health and safety policy and establishes priority areas for action. Defence occupational health and safety is discussed in detail later in this chapter.

Develop an Occupational Health and Safety Management System

Partially achieved

Development of the Occupational Health and Safety Management System is guided by the Strategic Occupational Health and Safety Management Plan. The system will improve Defence's ability to systematically manage occupational health and safety. The Behavioural Baseline Research Project, which is the first step in the development of the system, is well advanced. Analysis of the project results will provide Defence with a picture of influences on occupational health and safety behaviour and where intervention will have the most impact.

Introduce the New Military Rehabilitation and Compensation Scheme

Achieved

The *Military Rehabilitation and Compensation Act 2004* was passed by Parliament and received Royal Assent in April 2004. The Military Rehabilitation and Compensation Scheme, administered by the Department of Veterans' Affairs, provides rehabilitation and compensation coverage under one scheme for all forms of ADF service from 1 July 2004.

Promote Family Friendly Policies:

Implement Policies to Generate Awareness of Work-Life Balance

Achieved

Following the Government's consideration of the recommendations of the Nunn Review, provision was made in March 2004 for ADF members to choose to take maternity leave at rates of 24 weeks on half pay, 12 weeks on full pay, or a mixture of both.

Measures have been put in place to ensure that ADF members use their annual leave each year so they can spend time with family and friends away from the workplace.

The *Defence Employees Certified Agreement 2004-06* continues to provide family friendly policies for APS employees, including:

- access to flexible working hours;
- access to part-time and home-based work;
- flexible leave provisions, including parental leave;
- stronger encouragement for employees to utilise their annual leave each year;
- assistance with costs for dependant care where job demands impose additional dependant-care costs;
- access to the use of childcare provided by Defence, where places are not taken by the ADF; and
- the continued availability of the employee assistance program where employees, and in some instances their immediate families, can access counselling services.

Introduce a Trial ADF Spouse Employment Assistance Program

Achieved

The 'Services Workforce Access Program for Partners' trial was launched in October 2003 and includes five initiatives:

- workforce access through a national recruitment agency;
- assistance through local transition to work providers;
- funding of childcare costs;
- funding of up to \$1,000 per partner for training; and
- very remote locality internet access.

Services Workforce Access Program for Partners initiatives were accessed on 522 occasions and feedback about the program has been positive. An evaluation of the program will be presented to the Defence People Committee in April 2005.

Access of Families to the Defence Library Service via the Internet

Achieved

The Defence library website was launched in September 2003 and provides 24-hour access for Defence employees and their families from work, home and overseas. The website

connects the Defence community with information addressing work, study and special interest needs, access to information of interest to Defence families and support for education studies by family members. Since its launch, 1,371 Defence families have accessed the website.

Implement Recommendations from Research on the Impact of Mobility of the ADF on Education Outcomes of Children

Partially Achieved

Following completion of the report *Changing Schools: Its Impact on Student Learning*, Defence and the Department of Education, Science and Training agreed in 2002 to jointly commission two further studies on student mobility: one to consider approaches to improve the transfer of student information between schools and the other to identify best practice approaches to supporting students who change schools. The studies were completed in 2004.

Establish more Childcare Centres in Areas of High Need within Australia

Partially Achieved

A five-year childcare expansion initiative was developed in 2001-02 to increase the number of childcare centres and places in areas where the local communities are unable to support Defence childcare needs. Plans were developed in 2002-03 for new centres in East Sale, Williamstown, Puckapunyal and Holsworthy. Construction is planned to commence in 2004-05.

The Community Centre Program

Achieved

A new community centre at the Royal Military College of Australia, Duntroon, was opened in November 2003. The centre provides improved facilities to help families of Defence personnel access services such as childcare, adult education and information about postings, health, housing and employment.

Initiatives to Improve Accommodation for ADF Members

Partially achieved

A review of housing standards for ADF members with dependants was undertaken in February 2004 and recommendations regarding the new standards will be made to the Government later in 2004. The Single Living Environment and Accommodation Precinct project has been initiated to deliver quality accommodation on bases. Funding of \$113.1m for the next four years has been provided for this project. The Rental Allowance Scheme is being extended with additional funding of \$243.3m, thus enabling 10,600 ADF members without dependants to live off-base by 2006.

Implement the Defence e-Learning Strategy

Substantially Achieved

The Defence e-learning strategy is a Defence White Paper 2000 undertaking that will deliver common standards for a whole-of-Defence e-learning system. Since 1 March 2004, all Defence employees have been able to access the Defence Online Management and

Information Network, which now offers over 40 courses. New courses will be added in 2005.

Implement the Defence Business Skilling Review

Partially Achieved

The Defence Business Skilling Review developed options for a whole-of-Defence business skilling system. Defence has subsequently established a detailed governance and accountability structure for education and training in business skills. Work in progress includes:

- definition of specific skill requirements;
- improvements to systems for tracking training activity and expenditure; and
- improvements to training support and delivery capabilities.

Improved Web-based Communication of Pay and Conditions Information

Partially Achieved

The pay and conditions website addresses both military and APS personnel information needs. The website was officially launched in July 2004 and has been positively received. Work continues to maintain the accuracy and relevance of information included on the website.

Implement Improved Management Reporting using Web Technology and Data Warehouse Software

Partially Achieved

Successful trial of web-based reporting through PMKeyS Self Service across a limited user base has been completed. The next phase will expand the trial to meet all reporting requirements.

Implement Improved Employee Self-service and Workflow for Selected Processes in the Human Resource and Payroll System, PMKeyS

Substantially Achieved

PMKeyS Self Service, a real time self-service facility, was implemented during the year, allowing Defence employees to view and modify a limited selection of their personnel data and perform a limited range of personnel transactions.

In May 2004, the roll-out of the PMKeyS Self Service workflow for civilian annual leave applications was also successfully activated, allowing for electronic approval by managers. Full implementation for civilian personnel will be completed for all Groups except the Services and Defence Signals Directorate by the end of September 2004, with the Services included by October 2004. Defence Signals Directorate inclusion is planned for the end of 2004, subject to Defence Restricted Network access and the resolution of security issues.

In addition, access to Air Force self-service career management tools, has been implemented. ADF payslips, available electronically via self-service, have been developed and successfully tested, with ADF-wide implementation to commence in July 2004.

Further Enhance the Australian Defence Force Cadets

Substantially achieved

During 2003-04, the Cadet Enhancement program:

- improved the standard of accommodation facilities for over 120 Cadet units and relocated several Cadet units from sub-standard accommodation to new premises;
- continued support of the Cadet Initiated Activities Program, which encourages Cadets themselves to initiate activities designed to develop their leadership and team building skills:
 - successful initiatives included sailing camps, confidence courses and the procurement of training equipment such as flight simulation software, Global Positioning System equipment and kayaks;
- continued the delivery of CadetNet, the Cadets information technology system, which provides hardware, a website, email and bulletin board facilities to all Cadet units;
- furthered the Occupational Health and Safety project through the:
 - release of a tri-Service policy manual;
 - revision and initial delivery of a Cadet wide safety awareness package;
 - establishment of a safety website on CadetNet; and
 - appointment of Regional Occupational Health and Safety Advisers in each region for each Cadet organisation;
- launch of an ADF Cadets Behaviour Policy, supported by Australia-wide delivery of awareness sessions and information packs;
- completed a trial on Indigenous participation in Cadets and gained Government endorsement to establish the Indigenous Participation Program, to remove the barriers to Indigenous involvement in Cadets;
- commenced work to conduct a Cadet study to better understand the attitudes and behaviours of Cadets and Cadet staff. This will assist decision making, policy development and program delivery of Cadet initiatives; and
- the uniform project was completed in 2002-03, with \$3.303m of Cadet Enhancement Program funding spent on uniforms, boots and accoutrements.

Continued Commitment to High Priority People Initiatives

The 2003-04 Budget continued the Government's White Paper commitment to allocate \$100m per year for high priority personnel initiatives totalling \$500m over five years. Spending on these initiatives continues and is subject to management and regular reporting. Details are shown in Table 5.20 below.

Table 5.20	High Priority People Initiatives				
Approved Program	2001-02 Result \$'000	2002-03 Result \$'000	2003-04 Result \$'000	2004-05 Allocations \$'000	Total \$'000
Family Support Fund ⁽¹⁾	100	-	-	-	100
Child Care Centres	1,025	808	1,252	12,405	15,490
Spouse Induction Program	169	49	-	-	218
Spouse Professional Fees and Courses	14	50	67	99	230
Emergency Childcare	7	5	5	17	34
Human Resource Career Streaming	76	135	-	-	211
ADF alcohol management program	48	313	554	797	1,712
ADF mental health strategy	309	159	406	232	1,106
Defence school transition aides	-	1,388	1,562	1,659	4,609
e-learning	-	2,610	3,171	2,668	8,449
OHS management system	-	348	870	-	1,218
Defence injury prevention program	-	14	182	744	940
Reserves enhancement	12,313	13,674	14,483	17,000	57,470
Cadets enhancement	3,030	7,676	6,182	7,150	24,038
ADF rental allowance for members without dependents	25,511	49,655	62,545	79,926	217,637
Improvements to living-in accommodation	-	39,167	3,821	833	43,821
Darwin air conditioning	-	603	2,664	1,304	4,571
Duntroon community centre	-	660	-	-	660
Defence library service portal	-	275	298	30	603
Services workforce access program for partners	-	-	778	2,999	3,777
Centre for Military and Veterans' Health	-	-	900	-	900
Employee assistance program	-	-	-	900	900
HR decision support program	-	-	547	2,242	2,789
Suicide intervention training	-	-	327	448	775
Total	42,602	117,589	100,614	131,453	392,258
TOTAL ALLOCATION	100,000	100,000	100,000	100,000	400,000
VARIATION	57,398	17,589	614	31,453	3,122

Note

1. The Family Support Fund was allocated \$100,000 in 2001-02 as a regenerating fund.

Non-Operational Training

Corporate Leadership Initiatives

Achievements in 2003-04 included the commencement of the revised format for the Capstone Program (targeted at ADF star-ranked officers and APS Senior Executive Service officers) and continued refinement of the selection process for participants for study at the Centre for Defence and Strategic Studies. The Defence 360-degree reporting tool for the Senior Leadership Group was reviewed and now includes a measurement of emotional intelligence.

Graduate Development Programs

The selection and assessment process for entry into the Defence Graduate Development Program was reviewed, to further align it with the Defence Leadership Model and APS Senior Executive Leadership Capability Framework. The Graduate program has been enhanced with the inclusion of the Infrastructure stream, which was previously managed by the Corporate Services and Infrastructure Group, and the Information stream, which began in 2004.

As indicated in the table below, the Defence graduate intake continues to target specific skill sets needed to build Defence capability.

Graduate Program	1999-2000	2000-01	2001-02	2002-03	2003-04
Generalists	56	45	50	48	37
People Stream	-	-	8	8	3
Business Stream	-	5	10	8	10
Infrastructure Stream ⁽¹⁾	-	-	6	6	2
Information Stream	-	-	-	-	6
Defence Materiel Graduate Scheme	80	29	43	46	30
Defence Science and Technology Scheme ⁽²⁾	24	10	51	36	-
Defence Signals Directorate Scheme	37	36	31	54	29
Total	197	125	199	206	117⁽³⁾

Notes

1. The Infrastructure stream was previously managed by the Corporate Services and Infrastructure Group.
2. The Defence Science and Technology Organisation did not recruit to its graduate program in 2003-04, but will recruit in 2004-05.
3. The decrease in overall graduate intake in 2003-04 was a result of increased graduate retention rates.

Vocational Education and Training

Vocational training provides Defence employees with the skills and knowledge they need to undertake their jobs and to pursue their careers in Defence. As at 30 June 2004, the four Defence registered training organisations issued 199 national qualifications ranging from Certificate II to Advanced Diplomas, from 19 training packages, and a further 349 nationally recognised 'accredited course' qualifications. Training packages included aeroskills, aviation, civil construction and public safety while the accredited course qualifications included hydrographic surveying, linguistics and personnel administration. ADF training needs were met by the Navy, Army and Air Force registered training organisations, while the Defence Learning Services Network addressed the needs of APS employees.

Defence Business Training Centre

The Defence Business Training Centre operates within the Defence Learning Services Network as a registered training organisation and provides nationally accredited training and assessment services to Defence. Current training programs include finance and human resource information systems, procurement, administration, management and human resources.

The table below classifies non-operational training provided to Defence staff, according to total student days and numbers of students.

Type of training	Total Student Days	Number of Students
ANZ School of Government	630	7
Australian Defence College	380,550	2,335
Capstone Program	360	36
Defence Business Training Centre		
Accrual Accounting	600	60
BORIS ⁽¹⁾	524	340
Diploma in Government Financial Management	1,159	59
Graduate Certificate in Professional Management (Finance)	1,431	121
PMKeyS ⁽²⁾ User Training	850	586
Project Management and Procurement Training	9,828	4,766
Public Sector Training Package + Desktop Application Training + Regional Education, Training and Development Units	21,791	17,693
ROMAN ⁽³⁾ and Financial Management Training	7,537	5,250
ROMAN e-learning	445	2,088
Defence Materiel Organisation		
Contract Management Training	1,449	366
Logistics Training	1,699	424
Project Management Training	162	69
Other Training		
Defence Orientation Centre	255	470
Defence Records Management	291	1,954
Defence Science and Technology Organisation	2,830	925
Defence Security Authority	456	89
Harvard Program	90	3
Joint Ammunition Logistics Organisation	1,097	717
Public Sector Management Program	70	56
Results Through People	1,728	576
Studybank	-	1,200
Total	435,832	40,190

Notes

1. Budget and Output Reporting Information System.
2. Personnel Management Key Solution.
3. Resource and Output Management and Accounting Network.

Workplace Equity and Diversity

Overview

Defence has been recognised for its efforts as it continues to implement the *Defence Workplace Equity and Diversity Plan 2003-2005*. In November 2003, Defence was presented with the runner-up award in the open category of the Australian Public Service Diversity Awards for its program 'Creating a Bully-free Workplace'.

Activities organised to celebrate the diversity of the Defence workforce were well attended. During National Aboriginal and Islander Day Observance Committee Week, Defence conducted a memorial service in commemoration of Australia's indigenous Servicemen and women. The International Day of People with a DisAbility was celebrated in December 2003. In March 2004, Harmony Day and International Women's Day were celebrated.

Diversity

Although Defence is not representative of Australia's multicultural society with only around 5 per cent of ADF members and 14 per cent of Defence APS employees identifying themselves as being from a non-English speaking background, Defence values the principle of inclusiveness and views a multicultural workforce as unifying. The diversity profile displayed in the table below has been obtained through voluntary disclosure by personnel on joining Defence. The profile includes non-English speaking background (NESB), Aboriginal and Torres Strait Islander (ATSI) and people with a disability (PWD).

	Male %		Female %		NESB % ⁽²⁾		ATSI %		PWD % ⁽³⁾	
	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04
Navy	83.2	82.6	16.8	17.4	1.5	2.3	0.10	0.2	-	-
Army	89.8	89.7	10.2	10.3	4.6	5.2	0.27	0.3	-	-
Air Force	85.2	85.0	14.8	15.0	5.2	5.6	0.16	0.2	-	-
APS	65.1	65.0	34.9	35.0	14.0	14.0	0.52	0.5	2.5	2.3

Notes

1. Figures for the Navy, the Army and the Air Force include full-time personnel and Reservists on continuous full-time service.
2. A non-English speaking background includes any person who indicated that either one or both parents was from a non-English speaking background or spoke English and another language at home.
3. People with a disability include people with an identified physical or mental disability (including chronic ailments or conditions such as diabetes).

The Defence Equity Organisation developed the *Defence Guide to Managing Diversity in the Workplace* during 2003-04. It encourages commanders and managers to enhance productive diversity in Defence.

The Equity Adviser Network grew during 2003-04, with 1,135 new Equity Advisers trained to provide advice and assistance to Defence personnel. The Defence equity advice lines received 1,046 calls and continued to provide information and options to personnel involved in incidents of unacceptable behaviour.

Indigenous Australians

The mentoring and peer-support program piloted last year was successful in achieving retention and development outcomes for Defence's indigenous APS employees. A contract to continue with this program for a further 12 months has been signed. The program incorporates indigenous cultural awareness training and targets mentors, supervisors and work colleagues of indigenous Defence APS employees.

Defence continued its participation in the National Indigenous Cadetship Project during 2003-04. One cadet graduated and is now working with the Corporate Services and Infrastructure Group. Eight cadets are currently participating in the Project.

Representatives from Australian Defence Force Recruiting and the Defence Equity Organisation participated in the Wunyunga Careers and Cultural Festival conducted by the Gladstone Indigenous Vocation and Enterprise Network. Defence took this opportunity to promote employment within Defence to approximately 200 indigenous high school students.

Women

Work continued throughout 2003-04 on the Gender Diversity Strategy. The strategy focuses on recruitment, retention and encouraging re-entry of women to the Defence workforce by:

- actively targeting women in recruiting campaigns;
- ensuring that ongoing development and learning opportunities exist for women; and
- developing a re-entry program for personnel on long-term absences from the workplace.

The ADF Physical Employment Standards project commenced in September 2003. The project aims to develop physical employment standards for the Army's combat arms employment categories and the Air Force's Airfield Defence Guards. The outcomes of this study will inform decisions on employment category selection, training and injury prevention and will help manage occupational health and safety. They will also enable further consideration of the roles in which women in the ADF are able to serve.

Commonwealth Disability Strategy

With the cessation of the *Defence Disability Action Plan 1999-2003* on 30 April 2003, Defence's responsibilities under the Commonwealth Disability Strategy have been included in the *Defence Workplace Equity and Diversity Plan 2003-2005*. Defence's continued implementation of the strategy during 2003-04 included the requirement to provide recruitment and selection information in an accessible format to potential job applicants, and the improvement of Defence online and computer services to make them more accessible to people with a disability.

People with a Disability

Following a series of workshops aimed at reinvigorating the Defence Disability Strategy, the Defence Equity Organisation is developing a number of short and medium-term initiatives to be implemented during 2004-2005.

Defence continued to participate in the Technical Equipment for Disabled Commonwealth Employees Program and spent approximately \$11,000 to assist Defence APS employees with a disability.

Managing Unacceptable Behaviour

Two new policies on unacceptable behaviour were released in February 2004:

- Defence Instruction (General) Personnel 35-3 *Managing and Reporting of Unacceptable Behaviour*, and
- Defence Instruction (General) Personnel 35-4 *Managing and Reporting of Sexual Offences*.

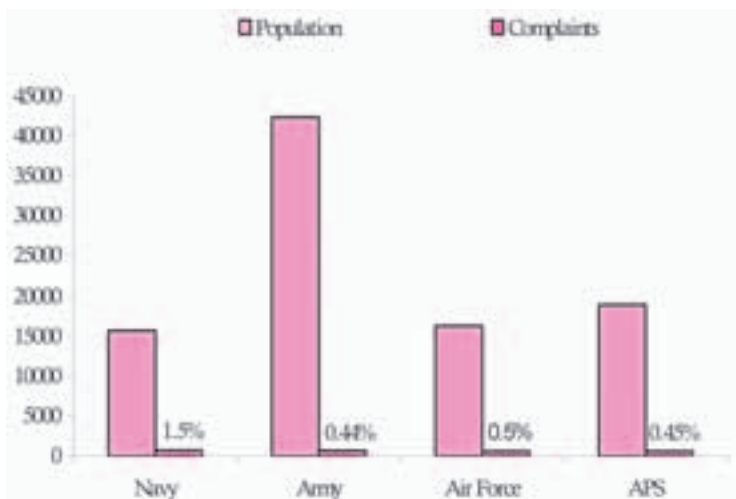
Streamlined policy instructions provide clear guidance as well as details of support options available to all parties involved in an incident. An Australia-wide education program was undertaken between March and June 2004 to ensure that Defence commanders and managers were aware of the new policies and their management obligations. The policies were supported by the publication and distribution of a booklet, the *Sexual Offence Management Guide*, and two brochures: *How to Make a Complaint of Unacceptable Behaviour* and *Managing a Complaint of Unacceptable Behaviour*.

Defence has reinforced its principle of all personnel having a fundamental right to work in an environment free from unacceptable behaviour by implementing policies and programs to educate and support Defence staff. Complaints of unacceptable behaviour are reported to the Defence Equity Organisation, which manages a database of reported complaints.

The reporting of complaints of unacceptable behaviour has steadily increased over the last four years. This increase may be due to the emphasis placed upon creating a bully-free workplace, to organisational factors such as an increase in knowledge of unacceptable behaviour, to lower tolerance of what behaviour is unacceptable, and to greater confidence in management in dealing with these issues.

Chart 5.5 indicates the number of complaints of unacceptable behaviour per head of the Defence population for 2003-04. The figures are derived from a straight percentage calculation using the number of personnel in each Service and the number of complaints reported for each Service.

Chart 5.5 Percentage of Reported Unacceptable Behaviour Incidents by Service for 2003-04⁽¹⁾⁽²⁾

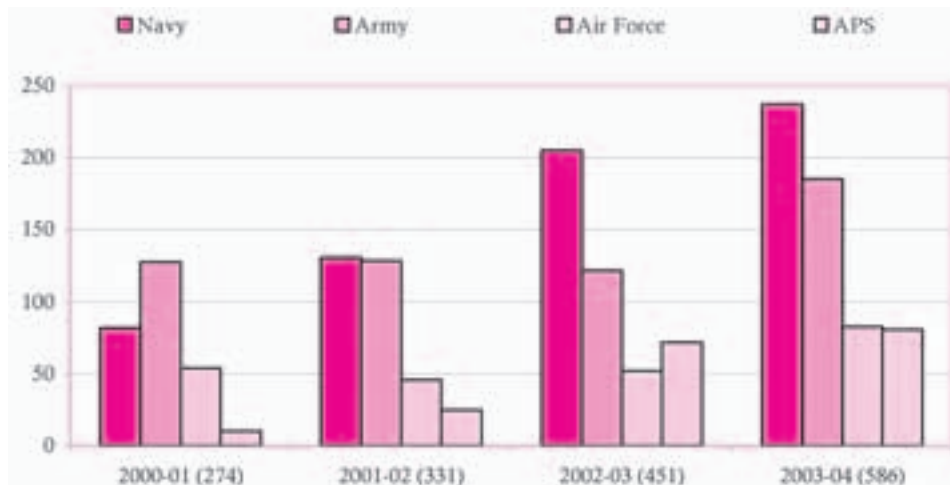


Notes

1. Navy, Army and Air Force populations include the numbers of permanent force personnel and Reserve personnel on continuous full-time service.
2. The table does not show comparative figures from 2002-03 because policy released in 2004 introduced new categories for the measurement of unacceptable behaviour.

Chart 5.6 shows the total number of unacceptable behaviour complaints reported over the last four years. Defence divides unacceptable behaviour into seven categories – sexual offences, sexual harassment, general harassment, discrimination, abuse of power, bullying and inappropriate workplace relationships.

Chart 5.6 Comparison of Reported Unacceptable Behaviour Incidents 2003-04⁽¹⁾



Note

1. Navy, Army and Air Force populations include the numbers of permanent force personnel and Reserve personnel on continuous full-time service.

Education and Training

The focus of the mandatory annual equity and diversity training was on unacceptable behaviour, primarily in terms of bringing it to the attention of authorised personnel and managing the process. During 2003-04, some 82 per cent of Defence personnel and Defence-contracted staff members undertook the training. A new equity and diversity workshop for commanders, managers and supervisors was delivered to Defence personnel in supervisory positions to remind them of their roles and responsibilities. The new equity adviser workshop was launched following its redesign to provide competency-based training for personnel who volunteer to become equity advisers.

The cultural awareness training fund continued during 2003-04, with approval granted to four units to undertake cultural awareness training at a total cost of approximately \$31,200. The fund is used to target cultural awareness training for operations and for units needing to build an understanding of their local environment.

Occupational Health and Safety

Defence has continued to focus on the occupational health and safety of its people, our primary capability. Defence is serious about eliminating preventable injuries and work-related illness. It is achieving this through the systematic management of risks, measurable improvement of occupational health and safety performance and appropriate resourcing.

In support of these aims, the Defence Occupational Health and Safety Committee and the Occupational Health, Safety and Compensation Branch focused their attention, during 2003-04, on two key initiatives:

- the completion of the Defence Occupational Health and Safety Strategic Plan; and
- the introduction of the new Military Rehabilitation and Compensation Scheme.

Key initiatives

Complete the Defence Occupational Health and Safety Strategic Plan

Achieved

In April 2004, the Defence Committee endorsed the Defence Occupational Health and Safety Strategic Plan and agreed to fund its implementation over the next ten years. The plan sets out Defence's occupational health and safety policy and establishes priority areas for action and was informed by a wide range of: internal factors, such as the Defence-wide implications of the F-111 Deseal/Reseal Board of Inquiry, and external factors such as the National Occupational Health and Safety Strategy 2002-2012.

One of the corporate-level priorities is the development of an occupational health and safety management system (discussed later in this section). Another corporate-level priority is the Hazardous Substances Management Program. This program is well progressed and policy, guidance material, audit tool and audit guidance material have been developed.

The Services and Groups are aligning their occupational health and safety management with the Defence Occupational Health and Safety Strategic Plan.

- The Navy has been reinvigorating and improving its established safety management system and will launch the new Safety Management System – Navy in September 2004.
- The Army has undertaken to improve its occupational health and safety management system in accordance with recommendations of the F-111 Deseal/Reseal Board of Inquiry. The approved system is aligned to both the National Occupational Health and Safety Strategy 2002-2012 and the Defence Occupational Health and Safety Strategic Plan. The Chief of Army Advisory Committee will consider this system in December 2004 for incremental delivery from 2005. In addition, the Army Health Implementation Team was formed in December 2003 to facilitate the reduction in preventable injury and enhance the health management of injured soldiers.

- The Air Force launched its new occupational health and safety management system in early 2004 in response to the outcomes of the F-111 Deseal/Reseal Board of Inquiry.
- The Corporate Services and Infrastructure Group has formed a safety review team to design and implement a new occupational health and safety management system which meets legislative requirements, aligns with the Defence Occupational Health and Safety Strategic Plan and ensures the safe and healthy delivery of services and products to customers.
- The Defence Materiel Organisation's newly formed Safety Council is paying particular attention to Priority 7 of the Defence Occupational Health Safety Strategic Plan which focuses on 'improving the identification, elimination and management of hazards at the design and planning stages.' It has also taken steps to implement a program of proactive workplace audits that started in August 2004.
- The Defence Science and Technology Organisation is continuing to focus on Priority 1 'reduction of high risks', Priority 6 'improve staff ability to manage hazards' and Priority 7 'improved management of hazards at the design stage' of the Defence Occupational Health and Safety Strategic Plan by:
 - incorporating safety risk management into the research program;
 - developing a hazard identification, risk control and assessment tool; and
 - introducing a training program specifically designed for research managers.

Introduce New Military Compensation Scheme

Achieved

The *Military Rehabilitation and Compensation Act 2004* came into effect on 1 July 2004. The Military Rehabilitation and Compensation Scheme, administered by the Department of Veterans' Affairs and guided by this legislation, shifts the emphasis towards rehabilitation while providing compensation coverage for ADF members under one scheme for all forms of ADF service from 1 July 2004. ADF members will remain covered under the *Safety Rehabilitation and Compensation Act 1988* and the *Veterans' Entitlements Act 1986* for service prior to 1 July 2004. These Acts are also administered for ADF members by the Department of Veterans' Affairs.

Develop the Occupational Health and Safety Management System

Partially achieved

The F-111 Deseal/Reseal Board of Inquiry recognised the need to improve Defence's approach to occupational health through the development of a Defence occupational health and safety management system, integrated across all Groups and Services. System development is occurring in parallel with the implementation of high-priority system elements, through a structured program of projects, which will take several years.

Design of the system will be informed through a behavioural baseline research project, which has surveyed over 12,000 personnel across Defence. Analysis of the results will provide Defence with a better understanding of the drivers of occupational health and safety behaviour and a basis for interventions that will have the greatest impact on health and safety.

The Defence civilian injury prevention and management framework is another high-priority system element. The framework identifies and implements ways in which the incidence of workers' compensation claims, time off work and the workers' compensation premium can be reduced. It also works to improve accountability and responsibility for injury prevention and management.

Notification and Reporting of Incidents

In 2003-04, 9,254 incident reports were received. Advice to Comcare is based on four categories of incidents: dangerous occurrences, incidents resulting in incapacity, in serious personal injury, and in death. Data on incidents over a three-year period is provided in Table 5.24.

Table 5.24	Incident Reporting		
Reports	2001-02	2002-03	2003-04
Defence Safety Management Agency			
Incident reports ⁽¹⁾	11,948	11,568	9,254
Comcare			
Death ⁽²⁾	5	2	3
Serious personal injury ⁽³⁾	967	648	549
Incidents resulting in incapacity ⁽⁴⁾	508	453	657
Dangerous occurrences ⁽⁵⁾	3,221	3,028	1,923

Notes

1. An incident report is a record of an event that causes, or has the potential to cause, injury or illness to Defence employees or other people, as the result of a Defence undertaking. These data are not static but change over time. This occurs because incident reports are submitted after the finalisation of Defence Annual Report figures.
2. Comcare reportable deaths.
3. Serious personal injury is defined as an injury or disease in a person caused by work-related employment for which the person needs to be given emergency treatment by a registered medical practitioner, treated in hospital as a casualty, without being admitted to hospital, or admitted to hospital.
4. Incapacity is being unable to perform Defence work for 30 or more days or shifts.
5. A dangerous occurrence is a near miss event that could have, but did not, result in incapacity, serious personal injury, or fatality.

Investigations by Comcare

Comcare undertakes four categories of investigation into Defence occupational health and safety matters:

- planned investigations;
- targeted investigations (regarding specific occupational health and safety concerns);
- reactive investigations (in response to an accident or incident); and
- whole-of-agency investigations (as part of Comcare's three year rolling plan).

Comcare investigations undertaken for each of these categories over a three-year period are outlined in Table 5.25.

Table 5.25	Investigations by Comcare		
Reports	2001-02	2002-03	2003-04
Planned investigations	3	-	6
Targeted investigations	-	10	5
Reactive investigations	26	25	33
Whole-of-agency investigations	2	-	2
Total	31	35	46

Notices issued to Defence by Comcare Investigators

Comcare investigators are able to issue notices as follows:

- an 'Improvement Notice' based on an incident/occurrence that contravenes the *Occupational Health and Safety (Commonwealth Employment) Act 1991* or Regulations;
- a 'Prohibition Notice' to remove an immediate threat to the health or safety of personnel; and
- a 'Do Not Disturb' Notice; for a specified period of time to remove a threat to the health or safety of personnel.

Data on Comcare notices issued to Defence over a three-year period are summarised in Table 5.26.

Table 5.26	Comcare Notices		
Reports	2001-02	2002-03	2003-04
Improvement Notices	4	5	5
Prohibition Notices	1	2	3
'Do Not Disturb' Notices	-	3	6
Total	5	10	14

Compensation and Rehabilitation

Civilian

Data on the compensation claims received from Defence employees in 2002-03 and 2003-04 is shown in Table 5.27.

Table 5.27	Compensation Claims Received from Defence Employees in 2002-03 and 2003-04	
Injuries that occurred during:	2002-03	2003-04
Travel to or from work	84	66
Authorised sport	25	41
Normal recess	7	10
Work	304	292
Total	420	409

Military

Military compensation and rehabilitation is addressed by two schemes, both of which are administered by the Department of Veterans' Affairs on behalf of Defence.

The Military Compensation Scheme applies to all serving and former ADF members who died or were injured as a result of military service prior to 1 July 2004. The following arrangements apply to this scheme:

- the *Safety, Rehabilitation and Compensation Act 1988*, as amended by the *Military Compensation Act 1994*;
- Chapter 10, Part 5 of the Defence Determination 2003/21 under the *Defence Act 1903*; and
- the *Veterans' Entitlements Act 1986*, as amended by the *Military Compensation Act 1994*.

Benefits comprise compensation and rehabilitation services and transition management services, to assist ADF members who are being discharged on medical grounds to make a

successful transition to civilian life. Performance is reported annually by the Department of Veterans' Affairs.

The new Military Rehabilitation and Compensation Scheme applies to all ADF members who die or are injured as a result of military service after 1 July 2004. The scheme is administered under the provisions of the *Military Rehabilitation and Compensation Act 2004*, which has a strong focus on rehabilitation and combines the benefits of the arrangements cited above.

Annual Report on the Administration and Operation of the Defence Force (Home Loans Assistance) Act 1990

Legislation

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

Description

The Defence HomeOwner Scheme is an Australian Government initiative that provides a subsidy on the interest payable on a home loan for members of the ADF. The scheme is open to permanent Defence Force members who enlisted on or after 15 May 1985 and to those permanent Defence Force members who elected to revoke their entitlement under the Defence Service Homes Scheme in favour of a Defence HomeOwner entitlement. Reserve and Emergency force personnel who provide part-time efficient 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. Interest subsidy is paid on loans between \$10,000 and \$80,000. Spouses 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

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 active Reservists is eight continuous years of efficient service.

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. Special considerations are made for re-joining members, widows and widowers, eligible persons and members discharged as a result of a compensatable disability.

Objectives

The objectives of the Defence HomeOwner Scheme are to attract and retain ADF personnel, to encourage home ownership during service as a cost-effective alternative to

rental assistance and to assist in the reintegration of ADF personnel into the community on return to civilian life.

Home Ownership During Service

The objectives of the Defence HomeOwner Scheme are achieved by providing a subsidised home loan for a period which is directly related to the member's length of service with the permanent or Reserve forces, bringing home ownership within the reach of more members and providing a subsidised loan once within two years of separation from the ADF.

During 2003-04, there were 2,095 applications for entitlement certificates and 1,428 applications for loan subsidies processed. The total number of approved loans as at 30 June 2004 was 6,481. Since 2000, the take-up rate has improved and is almost double that of 1998-99.

Much of this appears to be a direct result of the significant rise in eligibility numbers from personnel serving in warlike areas and the fact that interest rates remain low. Subject to meeting eligibility requirements, members of the ADF can access the Government's First Home Buyer's Scheme. This, combined with the Defence HomeOwner Scheme and Defence's Home Purchase Assistance Scheme, has made buying a house an attractive option.

Assist in the Reintegration of ADF Personnel into the Community on Return to Civilian Life

Of new subsidy applications, 35 per cent were from members either discharging or transferring to the Reserves. This is the same percentage as last year, indicating that the growing trend may have levelled out.

Performance Evaluation of the Administration of the Scheme

Defence is satisfied with the administration of the scheme by the Defence Housing Authority. During the reporting period, there were no appeals lodged with the Administrative Appeals Tribunal against decisions made by the delegate.

The National Australia Bank has met its obligations to the Government under the *Defence Force (Home Loans Assistance) Act 1990* and has provided effective support to the scheme. The National Australia Bank and the Defence Housing Authority continue in their efforts to streamline the administration process of obtaining the subsidy.

Activity	1999-2000	2000-01	2001-02	2002-03	2003-04
Buy a home	709	1,332	1,042	953	845
Re-finance a loan	322	350	321	356	365
Enlarge a home	11	8	11	4	5
Build a home	150	139	220	186	160
Renovate a home	30	34	54	45	53

Note

1. The figures are taken from the subsidy applications.

Table 5.29 Comparison of Activities

Activity	1999-2000	2000-01	2001-02	2002-03	2003-04
Applications for entitlement certificate received	2,122	2,959	2,451	2,271	2,095
Entitlement certificate issued ⁽¹⁾	2,006	2,829	2,342	2,186	2,032
Applications for entitlement certificate declined/withdrawn	116	130	109	85	63
Applications for payments of subsidy received	1,222	1,863	1,648	1,544	1,428
Applications for payments of subsidy approved	1,194	1,845	1,634	1,520	1,398
Applications for subsidy declined/withdrawn	3	18	14	24	30
Amount of Commonwealth subsidy paid	\$4.405m	\$6.614m	\$6.453m	\$7.442m	\$8.269m
Number of subsidy payees as at 30 June	3,970	5,051	5,816	6,195	6,481

Note

1. Entitlement certificates are valid for 12 months.

Operational Costs

Defence paid an annual management fee of \$501,215 (including GST) in 2003-04 to the Defence Housing Authority. The authority was also paid a fee for each application for entitlement certificates lodged. These fees totalled \$161,545.45 (including GST).

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