

**DEFENCE**

**CHAPTER FIVE**

**PEOPLE MATTER**

**OVERVIEW**

**WORKFORCE SUMMARY**



## OVERVIEW

People are fundamental to Defence capability. The Defence White Paper sets out the Government's expectations of the capabilities Defence should develop and sustain over a 10-year period. In particular, the principles of fully developed capability and sustainability emphasise the requirement for more ready forces (including concurrent deployments in several areas of operation) to respond to more demanding international circumstances and present the Government with a wider range of options. The goal is to ensure that Defence has the right people with the right skills, as well as the appropriate training, leadership and experience, to achieve capability initiatives outlined in the Defence White Paper.

People capability policies and initiatives are underpinned by five themes:

- **Attracting** - to make Defence an employer of choice;
- **Recruiting** - to recruit the right people;
- **Developing** - to develop our people to meet Defence and individual needs;
- **Retaining** - to create a climate where the people with the skills we need will want to stay in Defence; and
- **Transitioning** - to ensure that our people are supported when they leave Defence and that they are welcome back, including for part-time work.

The basis for developing people capability in Defence is the *Results through People* leadership philosophy. Targeted people development policies and initiatives linked to the Defence White Paper goals and the *Results through People* philosophy remain an ongoing priority for Defence.

### People Matter Priorities in 2003–04

Priorities in 2003-04 will include:

- implementing the agreed recommendations from the *Strategic Workforce Planning Review* including:
  - developing strategies for dealing with the major workforce challenges confronting Defence, including the rising cost of the personnel budget and changing social demographics and work-life expectations,
  - applying a model to confirm that the ADF workforce is in equilibrium (ie enlistment and retention rates maintain, grow or contract the force as required),
  - planning that takes account of all components of the Defence workforce (ADF and Reserve personnel, Australian Public Service and industry),
  - developing of methods to determine the most cost effective workforce mixes to deliver functions (involving permanent ADF and reserve personnel, Defence Australian Public Service and industry including professional service providers),

- establishing a method to ensure that the capability development process takes full account of workforce options, including better integrating workforce planning into project proposals for the *Defence Capability Plan*, and
- planning that addresses high priority workforce risks to capability in terms of skills, numbers and costs over the next 10-20 years;
- continuing implementing initiatives to improve retention of military personnel, as recommended by the ANAO *Retention of Military Personnel Follow-up Audit*;
- implementing strategies to target shortages in the ADF workforce including :
  - ADF tertiary recruitment to target university students for direct entry, graduate and under-graduate entry,
  - technical trades recruitment to recruit specific categories of trades people and more women into the ADF, and
  - a trial for the centralisation of Australian Defence Force Academy officer selection boards, designed to improve officer recruitment.
- continuing to implement measures to improve ADF health, including:
  - the Defence injury prevention program,
  - the ADF alcohol and other drugs management program,
  - a suicide prevention/training program,
  - addressing the career structure and salary levels of health professionals,
  - implementing initiatives arising from the ADF mental health strategy, and
  - finalising the study of *Health Outcomes in Aircraft Maintenance Personnel*, expected to lead to improved occupational health and safety procedures.
- developing a civilian certified agreement to replace the *Defence Employees Certified Agreement 2002-03*, and a replacement workplace remuneration arrangement for the ADF;
- developing a whole-of-Defence strategic occupational health and safety plan and designing an occupational health and safety management system;
- Introducing a new military compensation scheme. Following the *Tanzer Review* in 1999, the Government decided to introduce a new stand-alone military compensation scheme for the ADF. New legislation is being prepared prior to the introduction of the scheme to Parliament in late 2003;
- continuing to promote family friendly policies including through:
  - policies to generate awareness of work-life balance,
  - the introduction of spouse employment assistance,
  - access of families to the Defence library service via the internet,

- participation in a Commonwealth-States study of the impact of mobility on child learning, and
- expansion of the child care and community centre program;
- developing a range of initiatives to improve accommodation for ADF members, including a review of housing standards, continuation of the rental allowance options for members without dependents, and development of a medium-term plan for on and off-base living-in facilities;
- implementing the Defence e-learning strategy and the *Defence Business Skilling Review*;
- improving web-based communication of pay and conditions information for both military and civilian personnel;
- implementing improved management reporting, using web technology and warehousing software, improving employee self service functionality and activating workflow for selected processes in the department of human resource and payroll system (PMKeyS);
- enhancing further the Australian Defence Force Cadets through programs aimed at improving access to uniforms and equipment, providing information and communication systems, addressing cadet accommodation compliance and functionality, providing equity, diversity and safety training and increasing indigenous participation; and
- a Government response to the Australian Defence Force Remuneration 2001 review (the Nunn review).



## WORKFORCE SUMMARY

Total expenditure on the Defence workforce in 2003-04 is estimated to be \$6,639.7m and is an increase of \$603.5m from the 2002-03 projected result of \$6,036.2m. The increase in Military employee expenses primarily reflects the Government's decision to accelerate the growth of the ADF towards the Defence White Paper targets of 54,000 by 2010, increases for the Special Operations Command and increases in compensation, health services, allowances, leave provisions and other conditions of service. The increase in civilian employee expenses is primarily due to the full year effect of the *Defence Employees Certified Agreement* and changes in the contribution rates for the CSS and PSS Schemes. Details are shown in the table below.

**Table 5.1: Employee Expenses**

	2002-03 Projected Result	2003-04 Budget Estimate	Variation (2003-04 Budget Estimate less 2002-03 Projected Result)	
	\$m	\$m	\$m	%
Military Employee Expenses	4,836.9	5,298.1	461.2	5.4
Civilian Employees Expenses <sup>(1)</sup>	1,199.3	1,341.6	142.3	11.8
<b>Total Employee Expenses</b>	<b>6,036.2</b>	<b>6,639.7</b>	<b>603.5</b>	<b>9.9</b>

**Note**

The budget estimate for civilian employees has yet to be reduced for the savings expected as part of the program of administrative savings.

Overall, the total size of the workforce declines by 173 due mainly to a reduction of 920 in civilian personnel numbers. Details are shown in the table below.

**Table 5.2: Total Workforce**

	2002-03 Projected Result	2003-04 Budgeted Estimate	Variation (2003-04 Budget Estimate less 2002-03 Projected Result)	
				%
Navy	12,828	13,000	172	1.3
Army	25,624	25,941	317	0.9
Air Force	13,652	13,400	(252)	(1.8)
<b>Sub-total Permanent Force</b>	<b>52,104</b>	<b>52,341</b>	<b>237</b>	<b>0.4</b>
Reserve Force staffing	19,935	20,445	510	2.6
<b>Sub-total Military</b>	<b>72,039</b>	<b>72,786</b>	<b>747</b>	<b>1.0</b>
<b>Sub-total Civilian</b>	<b>18,297</b>	<b>17,377</b>	<b>(920)</b>	<b>(5.1)</b>
<b>Total Workforce<sup>(1)</sup></b>	<b>90,336</b>	<b>90,163</b>	<b>(173)</b>	<b>(0.2)</b>

**Note**

- Staffing numbers for Permanent Forces and Civilians are based on average funded strengths, staffing numbers for Reserves represent numbers of General or Active Reservists who will undertake paid service during the financial year.

## **ADF Permanent Force**

Although the Permanent Force will increase by 925 relative to the Forward Estimates planning baseline, the year on year increase is a smaller variation of 237. This situation comes about because of the current favourable recruitment environment and improving retention rates, particularly in Army and Air Force. The Navy increase of 172 to 13,000 represents the next tranche of growth in the Permanent Naval Forces to achieve the Defence White Paper growth profile to 14,000. The Army increase of 317 is to cover the formation of the Special Operations Command (139 personnel) and the Government's decision to accelerate the strength of the ADF towards the Defence White Paper target. Of this target the Army increase is 598, of which 420 is projected to occur in 2002-03 due to the favourable recruiting environment and lower separation rates. While the Air Force shows a reduction of 252, additional funding has been provided for 188 personnel as part of the Government's decision to accelerate the strength of the ADF towards the Defence White Paper target. The overall reduction in Air Force strength comes about because of reduced workforce requirements associated with the progress of market testing initiatives.

## **ADF Reserve Force**

The Reserve Force staffing figures represent General or Active reserves who will undertake paid service during the financial year. The budget estimate for Reserve staffing for 2003-04 is 20,445, an increase of 510 from the 2002-03 Projected Result of 19,935. This increase is primarily the result of a Navy program to embed Reservists within Navy and ADF structures, which began in mid 2002 and is expected to mature in 2003-04. Army anticipates an increase in activity based on improving recruiting and separation figures. Air Force is expecting to continue through next year with participation rates at the same levels as during 2002-03.

## **Civilian Staffing**

The budget estimate for civilian average funded strength for 2003-04 is 17,377, a decrease of 920 from the 2002-03 Projected Result of 18,297. The decrease is primarily due to rationalisation of the Defence Integrated Distribution System, the implementation of the new ADF recruiting arrangements and to be efficiencies achieved from the program of administrative savings.

These reductions will have a minor offset through increases related to continuing civilianisation of military positions and increased personnel in support of new capabilities.

**Table 5.3: Breakdown of Personnel Numbers by Service and Rank**

	2002-2003 Projected Result	2003-2004 Budget Estimate
<b>NAVY<sup>(1)</sup></b>		
Star Ranked Officers	35	35
Senior Officers <sup>(2)</sup>	431	430
Junior Officers	2,376	2,378
Other Ranks	9,986	10,157
Sub-total: Permanent Force	<b>12,828</b>	<b>13,000</b>
Reserve Force <sup>(3)</sup>	1,777	2,087
<b>Total Navy</b>	<b>14,605</b>	<b>15,087</b>
<b>ARMY<sup>(1)</sup></b>		
Star Ranked Officers	50	56
Senior Officers <sup>(2)</sup>	556	557
Junior Officers	4,452	4,669
Other Ranks	20,566	20,659
Sub-total: Permanent Force	<b>25,624</b>	<b>25,941</b>
Reserve Force <sup>(3)</sup>	16,500	16,700
<b>Total Army</b>	<b>42,124</b>	<b>42,641</b>
<b>AIR FORCE<sup>(1)</sup></b>		
Star Ranked Officers	37	37
Senior Officers <sup>(2)</sup>	522	500
Junior Officers	3,467	3,411
Other Ranks	9,626	9,452
Sub-total: Permanent Force	<b>13,652</b>	<b>13,400</b>
Reserve Force <sup>(3)</sup>	1,658	1,658
<b>Total Air Force</b>	<b>15,310</b>	<b>15,058</b>
<b>CIVILIANS</b>		
Senior Executives	128	126
Senior Officers <sup>(2)</sup>	3,767	3,396
Other Staff	14,402	13,855
<b>Total Civilians</b>	<b>18,297</b>	<b>17,377</b>

**Notes**

Permanent Forces and civilian numbers are forecasts of the average strength for the financial year.

Reserve Force figures represent actual numbers of General or Active Reservist who render service during the financial year.

Senior Officers are of Colonel or Lieutenant Colonel rank equivalent and Civilian Executive Level 1 and 2.

Reservists on full-time service are reported in the Permanent Force.

