



Australian Government
Department of Defence

Defence Annual Report

2015–16

Volume One

Performance, governance and accountability





Delivering now, building for the future

Defence has been entrusted to defend Australia and its national interests since Federation in 1901. This history has seen Defence support the Australian Government through the conduct of warlike, peacekeeping and humanitarian operations and through the provision of support to the community on the home front, particularly in response to natural disasters.

Defence works alongside allies and partner nations to contribute to regional and global security so that all Australians may prosper in a safe and secure community. To support this work, the Government has invested in developing Defence capability for more than a century. This investment has provided Defence with some of the best equipment, platforms and systems available, including those developed by Australia's defence industry. While this hardware is critical to Defence's success, the most important Defence capability is our people. There are approximately 100,000 people working in Defence, including permanent and reserve Australian Defence Force members, public servants and contractors. This highly capable workforce is based around Australia and overseas, developing partnerships with local communities, business and government, in support of achieving the Defence mission.

The First Principles Review of Defence found that while Defence was delivering now, it needed to transform to be able to build for the future. It recommended a new business model and structure that would enable Defence to operate as a more unified and integrated organisation that is more consistently linked to its strategy and clearly led by its centre. This work, begun in 2015–16, will continue in 2016–17, to ensure that Defence can continue to protect and advance Australia's strategic interests, as required by Government and outlined in the 2016 Defence White Paper.

Defence Annual Report 2015–16

Volume One

Performance, governance and accountability

User guide

Purpose of the annual report

This is the annual report from the Secretary of Defence and the Chief of the Defence Force to the Minister for Defence for the financial year ended 30 June 2016. The report addresses the purposes and outcomes of the Department of Defence and the Australian Defence Force—collectively known as Defence.

The report relates to Defence's performance for the period 1 July 2015 to 30 June 2016. It is the primary mechanism of accountability to the Parliament of Australia and provides readers with a useful and informative picture of the department's performance during 2015–16.

Defence is committed to maintaining accountability and transparency in its activities and continually improving its reporting.

Report structure

The structure of this report is significantly different to reports from previous years. The Government's Public Management Reform Agenda seeks to improve the quality of Commonwealth entities' corporate planning and performance measurement. To support this change, new annual reporting requirements were published by the Department of Finance in July 2016. This report meets those requirements and is published in two volumes for ease of reference.

Volume One: Performance, governance and accountability

Chapters 1 and 2 contain a review of the year by the Secretary and the Chief of the Defence Force, including the highlights and challenges, as well as priorities for the year ahead. These chapters also provide an overview of the portfolio and the department, including its role, functions, purposes, ministers, organisational structure, and outcome and program framework.

Chapters 3 and 4 provide an assessment of Defence's performance in achieving Government-directed outcomes in the reporting period.

Chapters 5 and 6 detail the department's corporate governance arrangements and management and accountability processes.

Chapters 7 and 8 include information on workforce and asset management, purchasing and capital investment.

Chapters 9 and 10 discuss Defence's environmental performance and include other mandatory information such as advertising and market research and other administrative activities.

Appendices provide additional information about consultants and contractors, legal expenses, exempt contracts and where to find information referred to in section 17AJ(d) of the *Public Governance, Performance and Accountability Rule 2014* and in Resource Management Guide No. 135—*Annual reports for non-corporate Commonwealth entities*.

A list of abbreviations and acronyms and an alphabetical index are provided at the end of Volume One.

Volume Two: Audited financial statements

Volume Two contains the audited financial statements for the year ending 30 June 2016.

Non-financial performance measurement

This report is the first to contain annual performance statements—a new requirement under the *Public Governance, Performance and Accountability Act 2013*. The purpose of the performance statements is to demonstrate what impact Commonwealth entities are making through the achievement of their purposes and the delivery of their outcomes.

Non-financial performance is reported against the measures outlined in the *2015–16 Defence Corporate Plan* and the Portfolio Budget Statements and Portfolio Additional Estimates Statements for the same period.

The performance criteria from the Portfolio Budget Statements and Portfolio Additional Estimates Statements for 2015–16 were assessed using the three measures shown below.

Achieved	Criterion was met or exceeded
Partially achieved	Some aspects of the criterion were met and any issues were being managed
Not achieved	No progress or minimal progress was made

A narrative summary is provided in Chapter 3 (Volume One) for each performance criterion from the *2015–16 Defence Corporate Plan*.

Online content

An electronic version of this report and supplementary performance information may be accessed at www.defence.gov.au/annualreports/15-16.



Australian Government
Department of Defence

Senator the Hon Marise Payne
Minister for Defence
Parliament House
Canberra ACT 2600

Dear Minister

We present the *Defence Annual Report 2015–16* for the year ended 30 June 2016. The report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013*. Subsection 46(1) of the Act requires that our report to you be tabled in Parliament.

Consistent with the requirements set out in sections 10 and 17AG of the *Public Governance, Performance and Accountability Rule 2014*, we certify that we are satisfied that Defence has prepared fraud risk assessments and fraud control plans and has in place appropriate fraud prevention, detection, investigation, recording and reporting mechanisms that meet the specific needs of the department, and that Defence has taken all reasonable measures to appropriately prevent, detect and deal with fraud relating to the department.

Yours sincerely

Handwritten signature of Dennis Richardson in black ink.

Dennis Richardson AO
Secretary
28 October 2016

Handwritten signature of Mark Binskin in black ink.

Mark Binskin AC
Air Chief Marshal
Chief of the Defence Force
22 October 2016

Contents

User guide		ii
Letter of transmittal		iv
CHAPTER 1	Reviews by the Secretary and the Chief of the Defence Force	vi
	Secretary's review	1
	Chief of the Defence Force's review	4
CHAPTER 2	Departmental overview	6
CHAPTER 3	Annual performance statements	26
	Purpose 1 — Provide advice to Government	31
	Purpose 2 — Conduct operations	32
	Purpose 3 — Manage the capability lifecycle	37
	Purpose 4 — Integrate enabling functions to support operations and capability	39
	Purpose 5 — Enhance intelligence and security capability	42
	Purpose 6 — Understand and shape Australia's international security environment	45
	Purpose 7 — Partner with industry to enhance Defence capability	47
	Purpose 8 — Recruit, retain and skill a diverse Australian Defence Force and Australian Public Service workforce	48
	Purpose 9 — Mature enterprise governance and decision making	51
	Purpose 10 — Implement First Principles Review and 2016 Defence White Paper	53
CHAPTER 4	Financial performance	56
CHAPTER 5	Corporate governance	68
CHAPTER 6	Assurance	78
CHAPTER 7	Strategic workforce management	88
CHAPTER 8	Asset management, purchasing and capital investment	120
CHAPTER 9	Environmental performance	130
CHAPTER 10	Other mandatory information	136
APPENDICES	Appendix A: Consultancies and contracts	145
	Appendix B: List of requirements	148
Abbreviations and acronyms		153
Index		154

CHAPTER ONE
REVIEWS BY THE SECRETARY
AND THE CHIEF OF THE
DEFENCE FORCE

Secretary's review

In its simplest terms, Defence exists to defend Australia and to enhance and protect national interests. Its most visible manifestation is the Australian Defence Force (ADF), the quality of which is recognised globally as second to none.

Integrated in Defence are members of the ADF and civilians — public servants, contractors and service providers. The civilians constitute a diverse workforce from blue to white collar. They provide a range of professional services to government and to — and sometimes in partnership with — the ADF, including:

- policy advice on issues as diverse as regional engagement, the South China Sea, the Korean Peninsula, Afghanistan, the Middle East, NATO, UN peacekeeping and the US rebalance, and which provides the framework within which governments make decisions on the commitment of the ADF to particular operations and activities
- advice on defence and national security matters in the context of the Foreign Investment Review Board process — we apply a professional, consistent and rigorous perspective
- intelligence collection and assessment consistent with the national intelligence collection priorities set by the Government; for example, counter-terrorism — over 10 per cent of the Defence Australian Public Service (APS) workforce is in intelligence
- facilities planning, design, management and disposal — Defence is responsible for facilities and properties with a replacement value of over \$60 billion
- capability requirements, acquisitions and sustainment
- research and development — over 22 per cent of the Defence APS workforce are engineers, technical or scientists/researchers
- communications and logistics
- financial management across a budget of over \$32 billion, involving multiple projects of varying complexity and size
- human services ranging from health, psychological, and family support to pay and conditions.

The Defence White Paper launched by the Prime Minister and Minister for Defence in February 2016 will remain central to Defence planning and investment over the coming years. Predicated on growing the Defence budget to 2 per cent of GDP by 2020–21, it is, at its core, a rebuilding of the Australian Navy. In this context, early and good progress has been made in respect of the future submarines, future frigates and offshore patrol vessels.

Launched with the White Paper was an Integrated Investment Program covering defence hardware, facilities and ICT, and a Defence Industry Policy Statement committing the department to work more closely with the Australian defence industry.

Commencing on 1 July 2015 was the two-year implementation of the First Principles Review, the biggest change program in Defence for some decades, and which is critical to ensuring we are able to deliver against the requirements of the White Paper. Central to the First Principles Review is the concept of 'One Defence', i.e. a single enterprise — albeit large and diverse — working together in a well coordinated way for agreed purposes and outcomes set by government. It is against this backdrop that the *Defence Legislation Amendment (First Principles) Act 2015* came into effect on 1 July 2016 and formally recognised the primacy in the ADF of the Chief of the Defence Force and the Vice Chief of the Defence Force — likewise, the consistent formation of Groups across a single enterprise and the abolition of two 'organisations', i.e. Defence Materiel and Defence Science and Technology. Of course, the substance of these changes was about attitudes and approaches, not words, and this does take time.



Dennis Richardson AO, Secretary of the Department of Defence

New governance arrangements recommended by the First Principles Review have been put in place and are functioning well — the Defence Committee (reduced from 17 to 6 members), the Enterprise Business Committee (chaired by the Associate Secretary and which monitors in-year organisational performance) and the Investment Committee (chaired by the Vice Chief of the Defence Force and which considers future investments).

A new capability lifecycle, which is the end-to-end process for planning, developing, acquiring and maintaining Defence capability, is being put in place and will be bedded down by 1 July 2017. This will, however, require change, not only across Defence, but in some other parts of government.

As at 28 October 2016, 40 of the 75 recommendations of the First Principles Review had been implemented. But the tougher ones going to complex management and attitudinal change will continue to require discipline and commitment. The Oversight Board, chaired by Rio Tinto's former Managing Director David Peever, is there to keep us honest and reports direct to ministers for that purpose.

The public service workforce changes recommended in the First Principles Review, and reinforced in the White Paper, are being carried through. The Senior Executive Service and executive-level staff have been reduced in size. The department's actual full-time equivalent staff has reduced from about 22,300 in 2012 to 17,423 at 30 June 2016. We will now build public service numbers back to the government's ceiling of 18,200 to accommodate the growth in cyber security and other specialised areas outlined in the White Paper, and to accommodate additional staff needed in those areas responsible for shipbuilding.

As well as changing the professional mix of the APS workforce, we have made some small progress in recruiting women and Indigenous Australians. Over the course of the financial year, the percentage of women has increased from 40.6 per cent to 41.2 per cent. The percentage of Indigenous employees increased from 1.2 per cent to 1.7 per cent. Better representation at a senior level and retention remain major challenges.

We have undertaken two initiatives in the employment of people with disability, which are our own and outside specific government requirements:

- Working with Hewlett Packard, we are implementing a Dandelion@Defence program, where we are developing a specialised cyber capability, staffed by people on the autism spectrum with unique skills and attributes (initial group of nine).
- In 2014, Defence commenced a program, in partnership with local community organisations, to employ people with intellectual disabilities at Defence establishments across Australia. Modelled on a longstanding and successful program in Canberra, the program has already been rolled out at selected bases in Queensland, Western Australia and South Australia. It will be operating in New South Wales and Victoria before the end of 2016 and will commence in the Northern Territory in early 2017. The program, called the Defence Administrative Assistance Program, will provide employment to some 120 people. This is a small but worthwhile contribution, which is making a real difference to individuals and families.

We continue to actively engage Indigenous-owned companies in Defence business. In fact, of the \$200 million spent across government under the Indigenous Procurement Policy, which enables direct sourcing to Indigenous-owned businesses, about \$145 million was from contracts let by Defence.

In any organisation, challenges abound. Change has no end point. Some of the challenges facing Defence are longstanding while others are more specific:

- providing accurate and timely policy advice on the changing strategic dynamics in the Indo-Pacific region and the continuing challenges in Afghanistan, the Middle East and elsewhere
- following through and embedding the US force posture changes in northern Australia
- growing cyber security and other specialised capabilities which are important not only to Defence but to the Government as a whole
- increasing selected professional skills in some parts of the workforce
- putting in place a follow-on to Pathway to Change, which is a five-year cultural change program ending in April 2017
- continuing to work with staff and their representatives on a new enterprise agreement, noting that the last agreement expired in June 2014 and that two proposed agreements have been narrowly voted down
- working with other relevant government departments to address the contamination issues around some Defence bases
- putting in place agreements with France to ensure that Australia's interests are properly protected (e.g. sovereign sustainability) in the Future Submarine Program
- maintaining effective budget management, especially with an eye on the pressure which will arise down the track as the naval shipbuilding programs get underway and the Joint Strike Fighter comes on stream — reform in naval shipbuilding, consistent with the 2015 RAND report, will be essential in this context
- trying to avoid unnecessary red tape. For instance, Defence is now required annually to put a 'fair value' on specialised military equipment. This comprises 54 major platforms and 1.6 million military support assets (i.e. spares). We are told we are required to do this under Australian Accounting Standards, despite the fact fair value is not compulsory in the private sector. Apart from in New Zealand and the United Kingdom, we are not aware of other Defence enterprises that are required to do this. Fair value is not used for any decision making in Defence as the information is not relevant to policy, operational or capability investment decisions. It takes time and money but for no identifiable benefit
- maintaining a balanced organisational focus during a period of big change, and big demands flowing from major procurement decisions.

Finally, my thanks go to all Defence public servants, contractors and service providers for their hard work and commitment throughout 2015–16. My admiration extends to ADF members.

Dennis Richardson AO

Secretary

Chief of the Defence Force's review

The past 12 months have clearly demonstrated the Australian Defence Force's capability and agility over a wide variety of operations and deployments (shown in Figure 1.1). In the Middle East, we expanded our air operations to include Syria while maintaining our ongoing commitments on the ground in Iraq, Afghanistan and the Middle East more broadly. We continued our work on border protection operations while simultaneously supporting whole-of-government humanitarian and disaster relief efforts. This was most evident in February 2016 when the ADF embarked on one of our largest humanitarian assistance missions.

The Fijian Government requested Australia's assistance after Tropical Cyclone Winston struck with deadly force. At its peak, around 1,000 ADF personnel were deployed on Operation Fiji Assist and many more were supporting our operations from Australia. Our contribution to the whole-of-government effort focused on Suva, Koro, Taveuni, southern Vanua Levu and Rakiraki, where Australian personnel worked side by side with their counterparts from the Republic of Fiji Military Forces to assess damage, clear debris and rebuild critical infrastructure.

The ADF delivered more than 580 tonnes of humanitarian and disaster relief stores, supplied almost 40,000 tonnes of food and 30,000 litres of drinking water, and delivered almost 10,000 hygiene kits. Australian personnel provided close to 3,000 shelter kits and, together with their Fijian counterparts, our deployed personnel helped repair nine schools, two medical centres and a hospital, as well as several churches and community centres. The Fijian people were deeply moved by the ADF's compassion and extremely grateful for our assistance, and the two months we spent working together with the Fijian military allowed us to impart new skills and strengthen the existing friendship between our two nations.

Operation Fiji Assist highlighted what the ADF can achieve as an integrated joint force. On its maiden operational deployment, HMAS *Canberra* was probably the most visual representation of our contribution, but the Army also provided a significant engineering element plus four of the seven MRH-90 multi-role helicopters, while Air Force AP-3C aircraft conducted initial aerial assessments followed by C-17A and C-130J crews, who conducted 44 sorties. In addition, we provided assistance through our aeromedical evacuation and deployable medical capabilities. This clearly demonstrates our ability to deploy a range of high-end capabilities at short notice while maintaining our ongoing commitments to border protection and operations across the Middle East region.

The expansion of Operation Okra air operations into Syria and the addition of Australia's Building Partner Capacity mission in Iraq in 2015 increased our operational tempo and the number of Australian Defence Force personnel on deployment. Known as Task Group Taji, the combined Australian–New Zealand training team is tasked with instructing the regular Iraqi Army to improve their fighting skills. The Iraqi officers and soldiers are taught weapon handling, building clearances and obstacle-breaching techniques, as well as training for a range of operations. The mentoring program also includes the principles of the law of armed conflict, human rights obligations and the appropriate use of force.

The Building Partner Capacity mission, combined with the Special Operations Advise and Assist mission, has produced tangible results reflected in steady progress and significant territorial gains across Iraq. The Australian-trained Iraqi Forces played a significant role in recapturing the city of Ramadi in December and retaking Fallujah in June with support from Australian joint terminal attack controllers and our Air Task Group.

Our work to train local forces to defend and secure their people and territory extends to Afghanistan, where around 270 ADF personnel are deployed as we continue to work with the Afghan National Defence and Security Forces (ANDSF). The majority of Australians are based at the Afghan National Army Officer Academy in Kabul, where they are training the next generation of officers to further strengthen the Afghan National Army's capability. The remaining



Air Chief Marshal Mark Binskin AC,
Chief of the Defence Force

personnel provide training, advice and assistance at the Afghan Command South Headquarters in Kandahar and the Air and Garrison Commands in Kabul.

This is important work that builds on the contribution that tens of thousands of Australians have made to Afghanistan over many years. It will ensure the ongoing development of the ANDSF as a mature and capable military. The insurgents continued to test the local security forces over the past year, but the ANDSF has demonstrated its willingness to fight and beat the Taliban.

In mid-2016, the political unrest in the Republic of South Sudan created a turbulent and challenging environment for the 25 ADF personnel deployed to the United Nations Mission in South Sudan under Operation Aslan. The Australian contingent showed great discipline and professionalism in difficult circumstances. Despite the relatively small number of personnel deployed, the ADF is making a significant contribution to the overall UN mission, protecting the people of this young nation by monitoring human rights and providing humanitarian aid deliveries.

On average, around 1,450 Navy, Army and Air Force personnel were assigned to Joint Task Force 633 on Operations Highroad, Okra and Accordion at any given time during the reporting period. Additionally, four major fleet units, HMAS *Newcastle*, HMAS *Melbourne*, HMAS *Darwin* and HMAS *Perth*, maintained the Navy's maritime security presence in the Middle East region throughout 2015–16 as part of Operation Manitou. Most notably, HMAS *Newcastle*'s crew seized and destroyed 1.5 tonnes of narcotics in four months while *Melbourne* and *Darwin* intercepted two vessels transporting more than 4,000 illegal firearms.

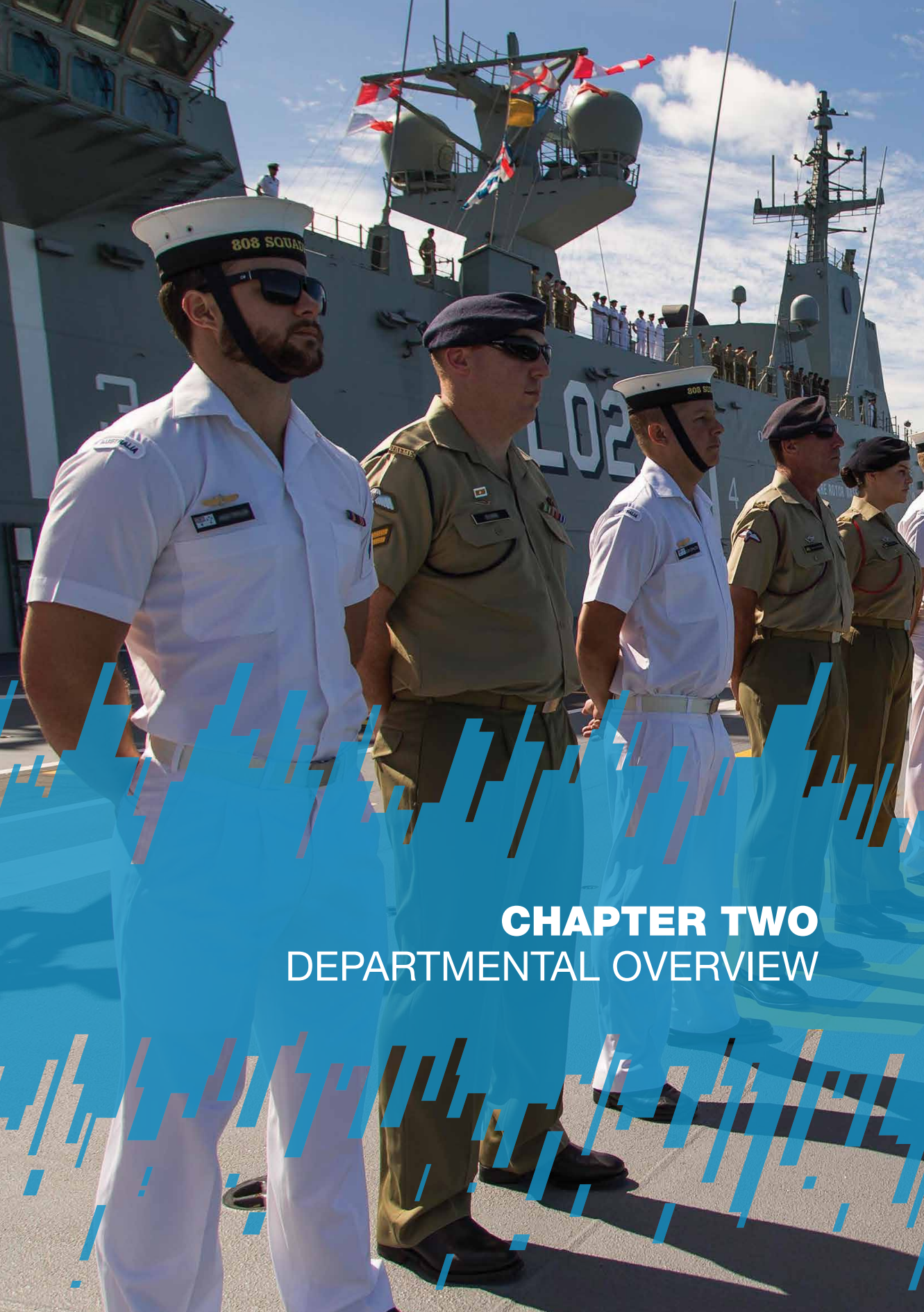
In June, Defence appeared before the Royal Commission into Institutional Responses to Child Sexual Abuse. The survivors' courage in telling their stories is changing the ADF and has strengthened the leadership's resolve to stamp out abuse in all its forms. I am particularly pleased that we have maintained our commitment to creating a more inclusive and diverse workforce through our cultural reform program while meeting our operational requirements across a broad range of tasks. Our achievements throughout 2015–16 are testament to the skill, professionalism and dedication of our service men and women.

Mark Binskin AC

Chief of the Defence Force

Figure 1.1: ADF operations during 2015–16





CHAPTER TWO

DEPARTMENTAL OVERVIEW

Role

The Defence mission is to defend Australia and its national interests.

Our primary role is to protect and advance Australia's strategic interests through the provision of military capabilities and the promotion of security and stability, and to provide support for the Australian community and civilian authorities as requested by the Government.

Strategic direction

The Government expects Defence to be able to defend Australia and its national interests, to play an active role in contributing to regional security and stability, and to contribute to coalition operations across the world where our interests are engaged. Delivering on these requirements requires the strong, unified and integrated One Defence organisation being created through First Principles Review implementation, which will continue throughout 2016–17.

The 2016 Defence White Paper describes Australia's strategic defence interests in a secure and resilient Australia, a secure near region, encompassing maritime South-East Asia and the South Pacific, and a stable Indo-Pacific region and rules-based global order that supports our interests. Securing these interests will require Australia to build on its strong network of bilateral and multilateral relationships. Through regular dialogue and practical cooperation, Defence will strengthen its engagement with partners to support shared responses to shared challenges.

Defence will continue to build its strategic centre to strengthen accountability and top-level decision making and improve policy formulation and the quality of advice provided to the Government. The strategic centre comprises the three Defence senior committees: the Defence Committee, chaired by the Secretary; the Enterprise Business Committee, chaired by the Associate Secretary; and the Investment Committee, chaired by the Vice Chief of the Defence Force. Together, the strategic centre sets the performance requirements for Defence, provides the resources to the Groups and Services to operate, and monitors and measures performance to ensure Defence delivers on Government policy direction effectively and efficiently.

Delivering now, building for the future

On 25 February 2016, the Australian Government announced the release of the 2016 Defence White Paper. For the first time, the White Paper aligns strategy, capability and resources in order to make the Australian Defence Force more capable, agile and potent. It is the culmination of detailed analysis of Defence's strategic environment, defence priorities and objectives, and the capabilities required to achieve these outcomes.

The White Paper commits investment in new capability across Defence, including:

- a continuous naval shipbuilding program commencing with nine future frigates and 12 offshore patrol vessels
- twelve new regionally superior submarines, with the commitment to maximise Australian industry involvement in acquisition and sustainment
- enhanced intelligence, surveillance and reconnaissance, space, electronic warfare and cyber capabilities
- advanced training, modern equipment, healthcare and logistics systems to support Australian Defence Force personnel
- comprehensive upgrades to infrastructure across Australia to support Defence's larger future force, including key bases, training and testing ranges, and fuel and explosive ordnance facilities
- modernised information management, operational communications, and command and control systems.

The objectives of the White Paper will be achieved through the implementation of the Integrated Investment Program and Defence Industry Policy Statement.



The Prime Minister of Australia, the Hon Malcolm Turnbull MP, speaking to the press after the launch of the 2016 Defence White Paper at the Australian Defence Force Academy in Canberra. Also pictured are Senator the Hon Marise Payne, Minister for Defence, and Air Chief Marshal Mark Binskin, Chief of the Defence Force.

In developing the White Paper, Defence adopted an integrated approach to bring together the key elements of investment needed to deliver and sustain Australia's defence capabilities. The fully costed, 10-year Integrated Investment Program brings together all capability-related investment including equipment, infrastructure, information and communications technology, science and technology, and workforce. It will facilitate the whole-of-capability and whole-of-life approach to investment recommended in the *First Principles Review: Creating One Defence* report.

The Integrated Investment Program will also guide prioritisation of investment over the decade to 2025–26 and will be reviewed annually as part of the development of the budget. The program will evolve in response to changes in Australia's strategic circumstances, including capability priorities and developments in technology.

The Defence Industry Policy Statement released with the White Paper provides the foundation to take the partnerships between Defence and industry to new levels of cooperation, with a focus on stronger, more strategic partnerships and closer alignment between industry investment and Defence capability needs. Initiatives in the Defence Industry Policy Statement will see the development of a technologically advanced, innovation-driven, competitive and sustainable Australian defence industrial base, which is well placed to assist Defence in protecting Australia's national interests.

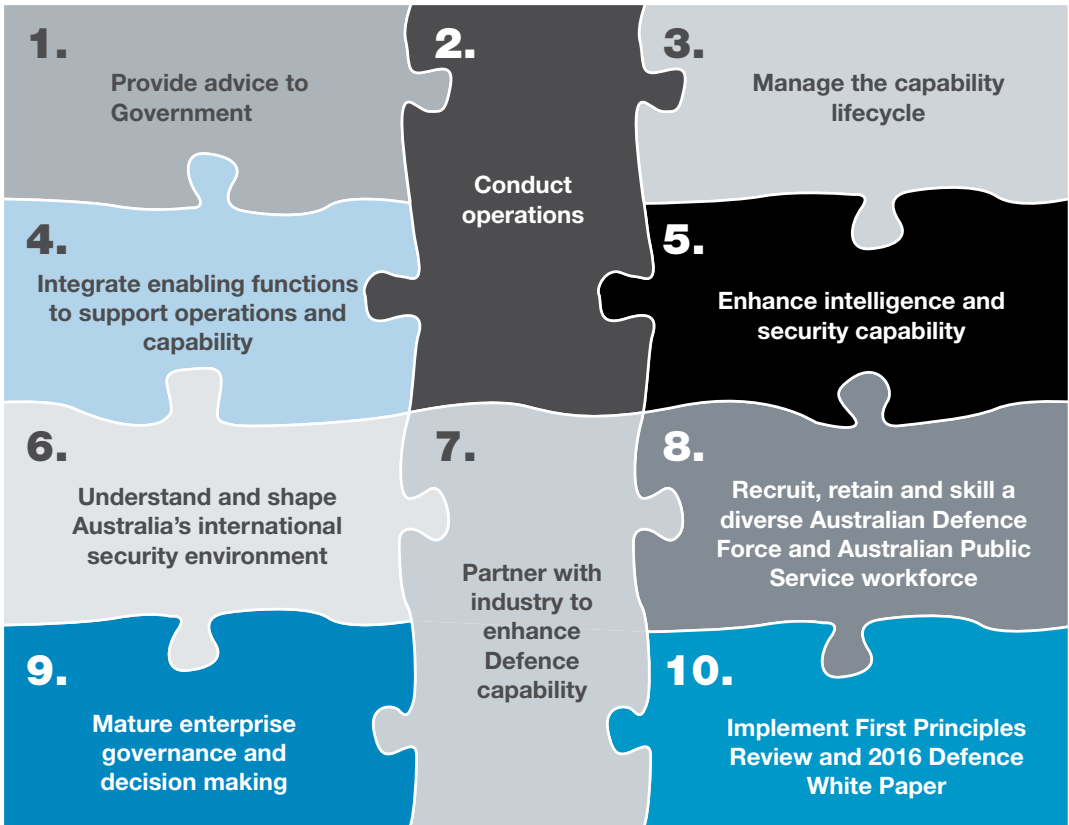
The successful implementation of the First Principles Review is critical to delivering on Government requirements outlined in the White Paper. The White Paper provides the comprehensive long-term strategy to deliver an Australian Defence Force that is more capable, agile and potent; the First Principles Review will ensure we have an organisation that has the necessary structures, processes and governance in place to achieve this.



Purposes

In fulfilling its mission, Defence has 10 purposes, as shown in Figure 2.1.

Figure 2.1: Defence’s 10 purposes in 2015–16



Purposes are defined by section 8 of the *Public Governance, Performance and Accountability Act 2013* as ‘the objectives, functions or role’ of an entity.

The Defence purposes are described in Chapter 3—Annual performance statements.

Organisational structure

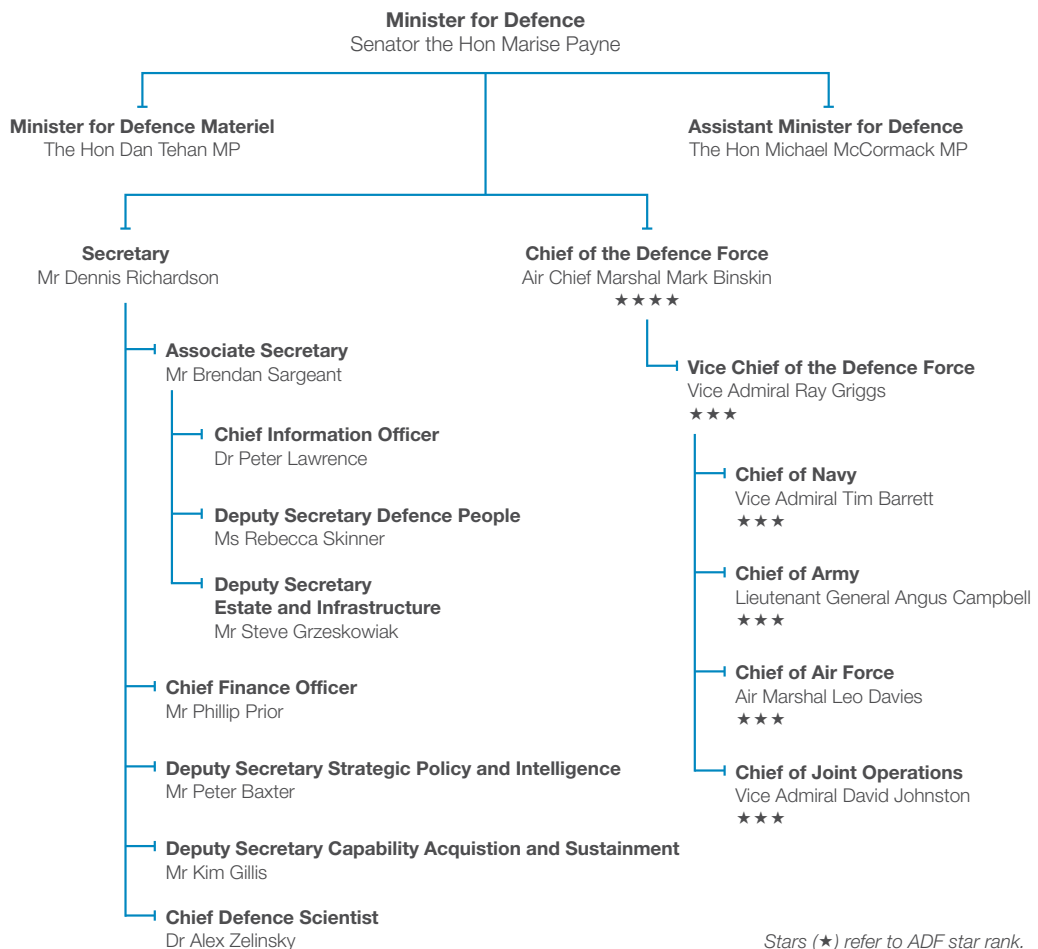
The joint leadership of Defence by the Secretary and the Chief of the Defence Force is known as the 'diarchy'. The diarchy reflects the individual and joint accountabilities and responsibilities of the Secretary and the Chief of the Defence Force through directions given by the Minister for Defence. Figure 2.2 shows the Defence organisational structure as at 30 June 2016.

The Associate Secretary is responsible for Defence enterprise planning, performance and risk management functions, and the integration of all corporate enabling services, including facilities and estate security, information and communications technology, information management, human resources, legal, audit and security vetting services. Activities for which the Associate Secretary is accountable are mapped to the Defence Executive Support program in the Defence Portfolio Budget Statements.

The Vice Chief of the Defence Force is responsible for the operation of the capability lifecycle, designing and developing Defence joint capability, delivering military enablers and managing Defence preparedness.

The Navy, Army and Air Force are responsible for raising, training and sustaining forces.

Figure 2.2: Defence organisational structure as at 30 June 2016



Note: This organisational chart is correct as at 30 June 2016. For a more current view, visit www.defence.gov.au.

Exercise Olgeta Warrior

Exercise Olgeta Warrior 2015 was the largest ever conducted and featured more than 1,000 Australian Defence Force (ADF) and Papua New Guinea Defence Force (PNGDF) personnel.

Funded under Australia's \$37 million Defence Cooperation Program with Papua New Guinea, the exercise—an infantry foundation warfighting activity—has been the primary ADF–PNGDF exercise since 2009. The exercise has since broadened in scope to solidify ADF and PNGDF relations and include developmental programs involving PNGDF engineering, infantry, logistics and planning capabilities—as well as continuing to enhance ADF–PNGDF interoperability.

Mounted annually through the Australian Army's 3rd Brigade in Townsville, the exercise consists of five component exercises: Wantok Warrior, Puk Puk, Gudpela Plan, Kumul Exchange and Logi Tura.

From August to October 2015, Exercise Puk Puk was held at Taurama Barracks, Port Moresby. More than 150 troops from the 3rd Combat Engineer Regiment worked side by side with more than 200 PNGDF soldiers



Defence Cooperation Team Leader, Lieutenant Colonel Shaun Fletcher, and Commanding Officer 1st Royal Pacific Islands Regiment, Lieutenant Colonel Napyo, opening the newly refurbished D Company headquarters building at Taurama Barracks, Port Moresby. The building was refurbished under Exercise Puk Puk.

from 1st Battalion, Royal Pacific Islands Regiment and the PNGDF's Engineering Battalion to upgrade soldier and working accommodation. Personnel from the United States Marine Corps and the British Army also participated in Exercise Puk Puk.

Exercise Wantok Warrior occurred from September to October 2015 at Moem Barracks, Wewak. During this exercise, soldiers from 1st Battalion, Royal Australian Regiment worked alongside their PNGDF counterparts from 2nd Battalion, Royal Pacific Islands Regiment on profession of arms training, including patrolling, evasion, and search and rescue serials in an amphibious setting.

Exercises Kumul Exchange and Logi Tura occurred from April to May 2016 at Headquarters 3rd Brigade, Townsville. These exercises focused on developing conventional warfighting and logistics capabilities. During this period, PNGDF personnel were embedded within 1st and 3rd Battalions, Royal Australian Regiment, the 3rd Combat Service Support Battalion and the 3rd Combat Engineer Regiment, and conducted logistical planning activities, engineering courses and infantry skills training.

Led by 3rd Battalion, Royal Australian Regiment, Exercise Gudpela Plan occurred at Murray Barracks, Port Moresby, in May 2016. This planning exercise focused on enhancing the PNGDF's operational and tactical-level planning skills using a variety of threat scenarios that could present themselves during the Asia-Pacific Economic Cooperation forum meetings that Papua New Guinea will host in 2018.

A number of mentoring training teams complemented Olgeta Warrior exercises throughout 2015–16. The teams provided deliberate mentoring and training to the PNGDF by ADF subject matter experts in areas such as officer training, recruit instruction, combat engineering logistics, planning and infantry skills.

Because there is a continuous cycle of mentoring training teams deploying into Papua New Guinea throughout the calendar year, this enduring ADF presence in-country facilitates an effective engagement program that continues to build professionalism, leadership, discipline and military capability.

Mentoring training teams have proven to be an invaluable method for strengthening ADF–PNGDF cooperation — with tangible benefits including the strengthening of individual and collective people-to-people links between both defence forces.



Australian Defence Force personnel from the 3rd Combat Engineer Regiment trained and qualified Papua New Guinea Defence Force (PNGDF) personnel in high-risk search. This image shows the PNGDF prior to one of their summative assessments—a live venue and personnel search prior to a local rugby match.

In addition to the three Services of the Australian Defence Force, Defence comprises nine Groups:

1. **Strategic Policy and Intelligence Group**—delivers high-quality advice to the Secretary, the Chief of the Defence Force and the Government
2. **Vice Chief of the Defence Force Group**—designs the Australian Defence Force structure and delivers military enabling capabilities
3. **Joint Operations Command**—plans, controls and conducts military campaigns, operations, joint exercises and other activities in order to meet Government direction
4. **Capability Acquisition and Sustainment Group**—purchases and maintains military equipment and supplies in the quantities and to the service levels that are required by Defence and approved by the Government
5. **Defence Science and Technology Group**—delivers science and technology support for Defence capability and national security
6. **Defence People Group**—delivers the people capability required to operate and support Defence equipment and systems, and to manage the business of Defence
7. **Chief Finance Officer Group**—delivers enterprise resource planning and budget management
8. **Chief Information Officer Group**—delivers a secure and integrated information environment to support Defence business and military operations
9. **Estate and Infrastructure Group**—delivers integrated services to support Defence people, equipment and systems, including base support for the Australian Defence Force.

Each Group and Service has a role in developing and enabling the capability Defence needs to deliver Government-directed outcomes.

Changes in senior leadership

The following changes in senior leadership occurred during 2015–16:

- Air Marshal Gavin Leo Davies was appointed as Chief of Air Force on 4 July 2015.
- Air Marshal Geoffrey Brown, the previous Chief of Air Force, transferred to the Standby Reserve on 31 August 2015.
- Lieutenant General John Caligari, the previous Chief Capability Development Group, transferred to the Standby Reserve on 19 August 2015.
- Mr Kim Gillis was appointed to the new position of Deputy Secretary Capability Acquisition and Sustainment on 31 August 2015.
- Mr Warren King, the previous Chief Executive Officer – Defence Materiel Organisation, retired from the Australian Public Service on 25 September 2015.
- Mr Peter Baxter, the previous Deputy Secretary Strategy, was appointed Deputy Secretary Strategic Policy and Intelligence on 5 February 2016.
- Mr David Gould, the previous General Manager Submarines, ceased his non-ongoing employment contract on 22 July 2015.
- Mr Colin Thorne, the previous General Manager Land and Maritime, resigned from the Australian Public Service on 2 October 2015.
- Ms Shireane McKinnie, the previous General Manager Joint Systems and Air, retired from the Australian Public Service on 11 December 2015.
- Mr Harry Dunstall, the previous Deputy Chief Executive Officer/General Manager Commercial Defence Materiel Organisation ceased his non-ongoing employment contract on 24 February 2016.

Surviving Exercise Kowari

A second Exercise Kowari—a trilateral survival training exercise designed to build cooperation, friendship and trust between Australia, China and the United States—was conducted near Daly River in the nation's Top End in September 2015.

This year's exercise involved 30 military personnel from three nations working closely together in the harsh Australian outback. Soldiers were taught basic survival principles, procedures and techniques, and how to use equipment to enhance survival prospects in the unforgiving Australian environment. The Australian Army's 2nd Division led the exercise with the North-West Mobile Force (NORFORCE) responsible for the survival-training phase.

The exercise comprised ten soldiers from the Australian Army, ten from China's People's Liberation Army, five from the United States Army and five from the US Marine Corps. A further 100 military personnel provided support in liaison and logistics roles. Participants spent a five-day period surviving with only basic tools. They had to hunt their own food, work out how to cook it and build their own shelter.

The Commander of the Australian Army's 1st Division and Deployable Joint Force Headquarters, Major General Paul McLachlan, explained that the aim of Kowari was for the Chinese, US and Australian forces to come together in a demanding environment and develop trust, cooperation and friendship.

'Soldiers know better than most that understanding and trust is best developed through shared adversity ... this is the foundation for the armies of all of our nations to come together to be better friends and to work with each other for the benefit of our region', Major General McLachlan said.

Major General Han Peng from the People's Liberation Army said, '[We] wouldn't have had this success without the good cooperation and common efforts made by the 30 participants'.

'Kowari lets us believe that our three nations, our will and our people can integrate well to handle any difficulties or challenges.'

'Congratulations to all of you, and I hope that Kowari can [continue to] achieve success and make our friendships last forever', he said.



Australian Army soldier Lance Corporal Vinnie Rami (left) guides a US Army soldier (right) through creating fire using the traditional 'drill' method during Exercise Kowari 15 in the Daly River region of the Northern Territory.

The Chief of Staff, US Army Pacific, Major General Todd McCaffrey, also praised the exercise.

'Exercises such as this one are magnificent ways to build the personal relationships that promote cooperation between three leading nations in the global community', he said.

The exercise was a resounding success and its value in building relations between the three participating countries was evident for all participants at the end of the exercise.

Women, peace and security

The adoption of the United Nations Security Council Resolution (UNSCR) 1325 in October 2000 signified a global acknowledgement that women's participation, protection and gender perspective are central to the maintenance of international peace and security.

The Women, Peace and Security agenda has since grown with the adoption of eight additional and related Security Council resolutions, four of which focus on conflict-related sexual violence.¹

Australia launched the National Action Plan on Women, Peace and Security in 2012, and the Department of Defence has developed a Defence Implementation Plan, managed by the Office of the Chief of the Defence Force and led by the Director, National Action Plan for Women, Peace and Security.

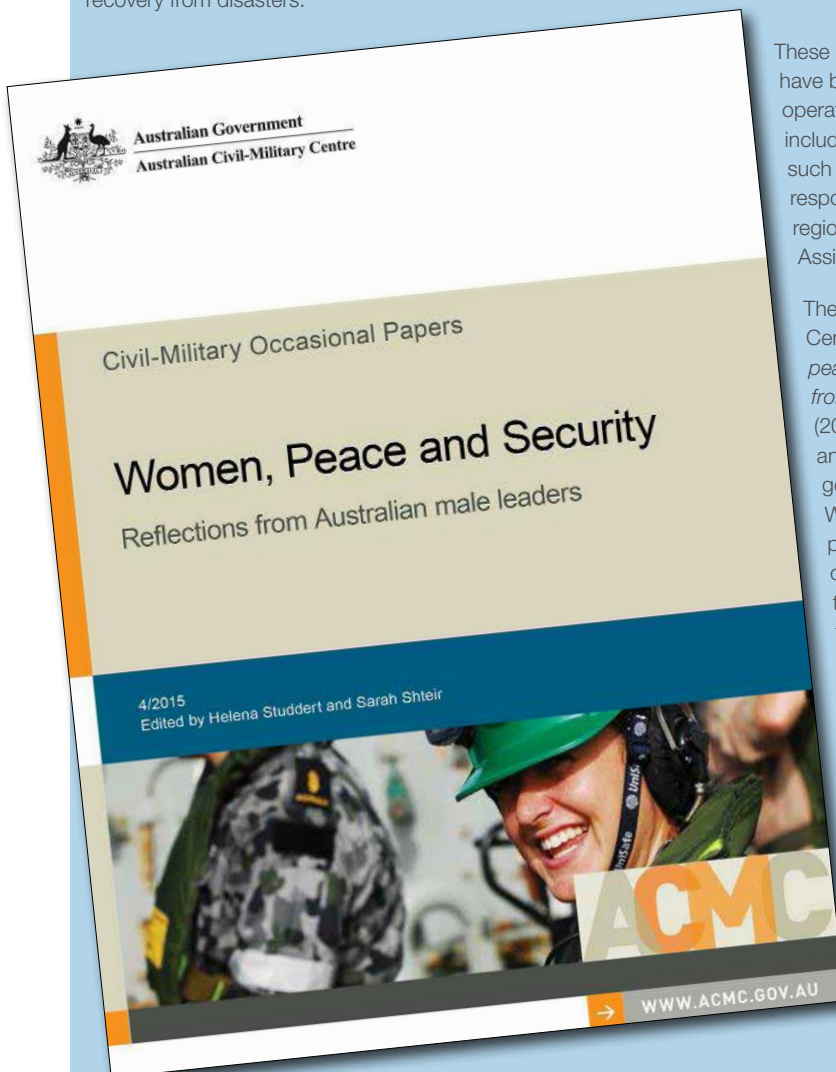
Defence recognises the significant value of gender diversity in enhancing capability and national security outcomes. Both in policy and in practice, the Australian Defence Force has an increased awareness and understanding of women's unique experiences and contributions, whether to peace and security efforts or recovery from disasters.

These significant policy developments have been implemented into the ADF operational experience in conflict, including in Afghanistan, in exercises such as Talisman Sabre 15, and in response to natural disasters in the region—in particular Operation Fiji Assist.

The Australian Civil–Military Centre occasional paper *Women, peace and security—Reflections from Australian male leaders* (2015) reflects on successes and challenges in incorporating gender perspectives and Women, Peace and Security principles into leadership and command decisions, and the contribution this makes to meeting operational objectives.²

Sometimes deliberately, but often unconsciously or instinctively, contributors found themselves applying Women, Peace and Security principles in the context of leadership roles.

For example, Air Commodore Chris Westwood reflects on his command role during





L-R: Major Kristin Saling (Deputy Gender Adviser), Maria Poulos (Department of Foreign Affairs and Trade Women, Peace and Security Adviser) and Wing Commander Louise DesJardins (Gender Adviser) on board USS *Blue Ridge* during Exercise Talisman Sabre 15.

Exercise Talisman Sabre 15, where implementation of Women, Peace and Security principles represented a step from theory into practical application.

The exercise incorporated Women, Peace and Security considerations into the commander's intent, strategic communications, rules of engagement, targeting directives and intelligence reports. This was the first time that gender advisers were appointed to the Combined Task Force, Land, Air, Maritime and Special Forces contingents to advise, share information and coordinate Women, Peace and Security activity.

'Champion' endorsement by key civilian and military leaders proved vital in implementing Women, Peace and Security principles across the exercise—from the delivery of training to the development of artefacts.

A common viewpoint expressed by contributors to the *Reflections* paper is that 'in an organisation built on a chain of command, senior leaders can make a very real difference when they are determined to implement change'.³

Contributors also noted that the key to successful implementation of the Women, Peace and Security agenda is the collaborative efforts of both men and women working together.

1. UNSCR 1820 (2009) explicitly links sexual violence as a tactic of war with women, peace and security issues; 1888 (2009) mandates peacekeeping missions to protect women and girls from sexual violence in armed conflict; 1889 (2010) reinforces UNSCR 1325 and emphasises the participation of women in all phases of the peace process, calls for monitoring and introduces accountability mechanisms; 1960 (2011) focuses on the issue of sexual violence against women and children in armed conflict and the importance of ending impunity and prosecuting those responsible for all types of violent crimes—it also emphasises the importance of clear guidelines for peacekeeping missions so that they are enabled to carry out their mandated tasks; 2106 (2013) affirms centrality of gender equality and women's political, social and economic empowerment to efforts to prevent sexual violence in armed conflict and post-conflict situations; 2122 (2013) aims to strengthen women's roles in all stages of conflict prevention and resolution; 2242 (2015) addresses women's roles in countering violent extremism and terrorism and calls for improvement in the implementation of UNSCR 1325; and 2272 (2016) addresses sexual exploitation and abuse in peace operations.
2. Studdert, Helena and Shteir, Sarah (eds). *Women, peace and security—Reflections from Australian male leaders*. Civil-Military Occasional Paper No. 4/2015. Australian Civil-Military Centre, November 2015, pp. 2, 5, 23. Available at www.acmc.gov.au/wp-content/uploads/2015/12/4-2015-WPS-Reflections-from-male-leaders.pdf.
3. Former Chief of the Australian Army, Lieutenant General David Morrison AO, speech to the United Nations International Women's Day Conference, New York, 2013, cited in *Women, peace and security—Reflections from Australian male leaders*, p. 3.

Portfolio structure

The Defence portfolio consists of a number of component organisations that together are responsible for enabling the defence of Australia and its national interests. The most significant bodies are:

- the Department of Defence—a department of state headed by the Secretary of the Department of Defence
- the Australian Defence Force—commanded by the Chief of the Defence Force and consisting of the three Services, which are commanded by Service Chiefs.

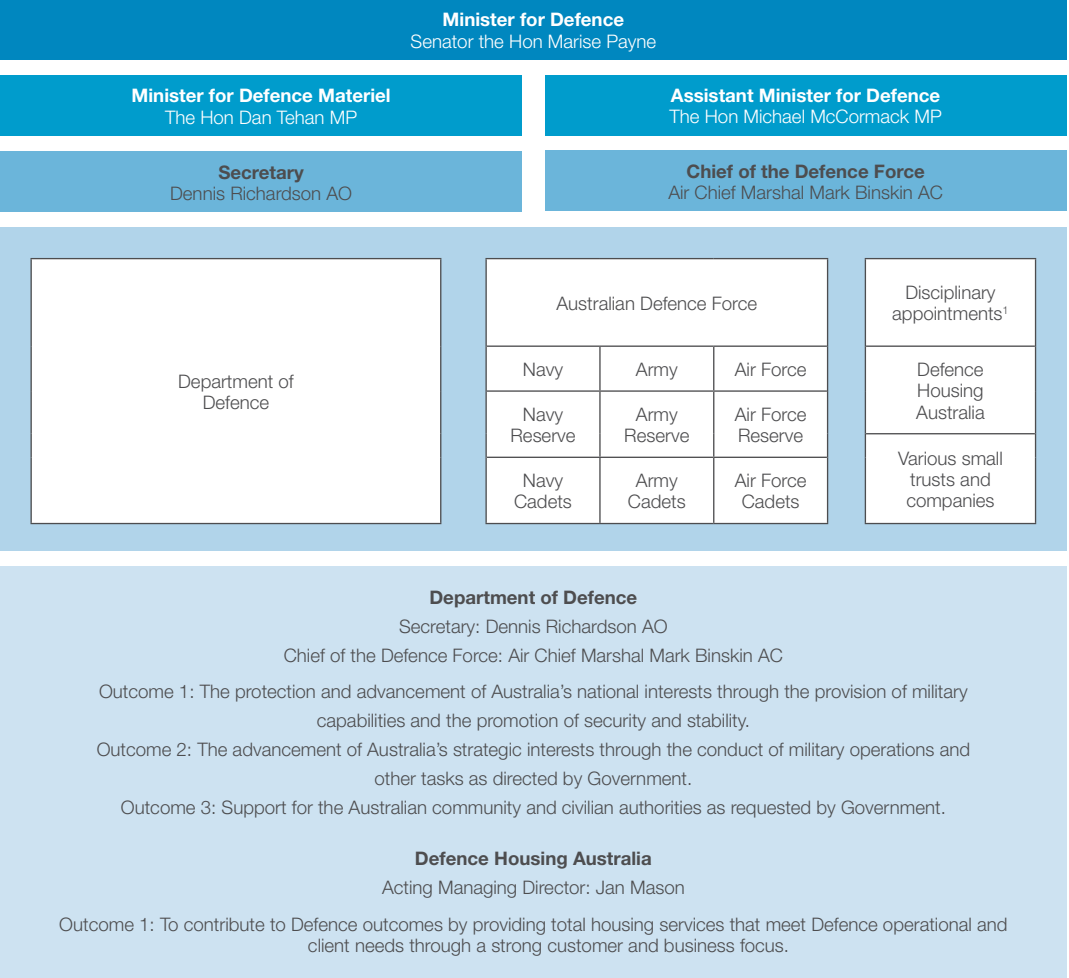
In practice, these bodies work together closely and are broadly regarded as one organisation known simply as Defence.

The portfolio administers a number of Acts and regulations that contain small entities, including a number of statutory offices, trusts and companies that are regulated by the provisions outlined in the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). These entities are independent bodies; however, the stakeholder management or administration of these bodies reside within Defence. These include, among others, Defence Housing Australia, the Australian Strategic Policy Institute and a number of Services trust funds and canteen services.

The Defence portfolio also contains the Department of Veterans' Affairs and associated bodies, as it is designated as part of the Defence portfolio in the Administrative Arrangements Order. The Department of Veterans' Affairs is administered separately to Defence and performance information related to the department may be found in the Department of Veterans' Affairs annual report.

As a result of the First Principles Review, the Defence Materiel Organisation was delisted and reintegrated into the Department of Defence. To reflect this change to Defence's organisational structure and accountabilities, the Defence Outcome 1 program structure was revised, as shown in Figure 2.3.

Figure 2.3: Defence portfolio structure as at 30 June 2016



Defence's role in cyber security

On 21 April 2016, the Prime Minister, the Hon Malcolm Turnbull MP, announced the Australian Government's Cyber Security Strategy. The strategy sets out the Government's approach to meeting the dual challenges of the digital age: advancing and protecting our interests online.

As the agency responsible for national cyber security policy, the Department of the Prime Minister and Cabinet conducted a review of Australia's cyber security requirements and risks. The Cyber Security Strategy is the Government's response to the review and centres on five key themes:

- a national cyber partnership
- strong cyber defences
- global responsibility and influence
- growth and innovation
- a cyber-smart nation.

The Australian Government will provide around \$230 million over four years to fund the initiatives in the Cyber Security Strategy. The strategy's funding complements the Government's 2016 Defence White Paper investment of \$400 million in cyber capabilities over the next decade.

The Australian Signals Directorate (ASD) is the lead agency in the Australian Cyber Security Centre (ACSC) and will deliver a number of the key initiatives under the strategy. These include:

- increasing ASD's capacity to identify vulnerabilities in Australian Government systems through increased active vulnerabilities assessments and provide technical security advice and assistance on emerging technologies
- increasing ASD's capacity and capability to identify new and emerging cyber threats
- improving intrusion analysis capabilities
- relocating the ACSC to a new facility
- focusing on recruitment and retention of skilled specialists.

The Prime Minister also announced that Defence's offensive cyber capabilities would complement the existing defensive cyber capabilities available to defend Australia's interests in cyberspace.

Since the release of the strategy, ASD has implemented a dedicated program to recruit cyber specialists and work is underway to relocate the ACSC to a new facility. Significant work and collaboration to implement the initiatives under the Cyber Security Strategy will be undertaken in 2016–17. Defence is committed to achieving these outcomes with its partners across government.

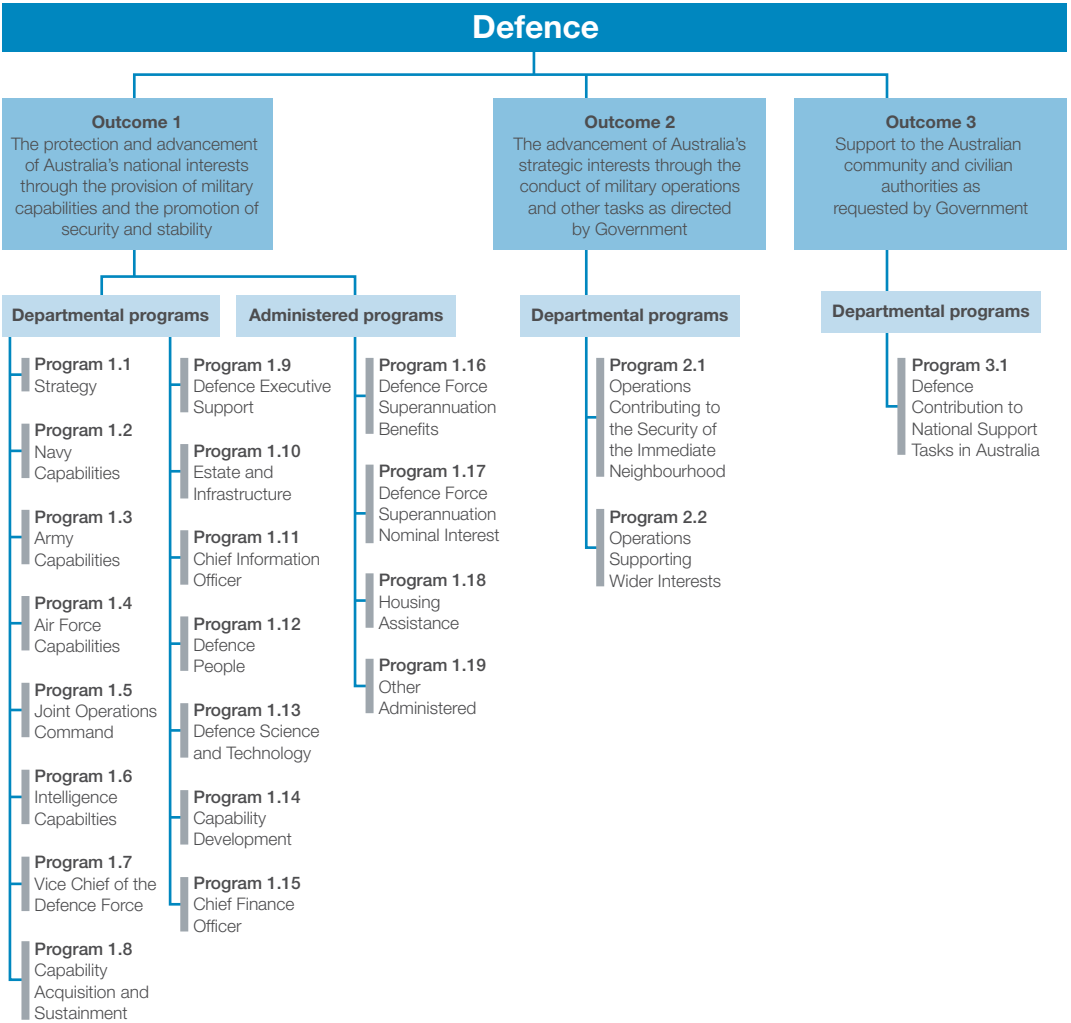


Outcomes and programs administered by Defence

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Entities are required to identify the programs that will contribute to government outcomes over the financial year and the forward estimates (that is, the next three years).

Defence portfolio outcomes are shown in Figure 2.4, together with related programs administered by the department in 2015–16.

Figure 2.4: Defence outcomes and programs, 2015–16



Note: An explanation of changes to the program structure for Outcome 1 during 2015–16 is provided in the notes to Table 4.4 on page 61.

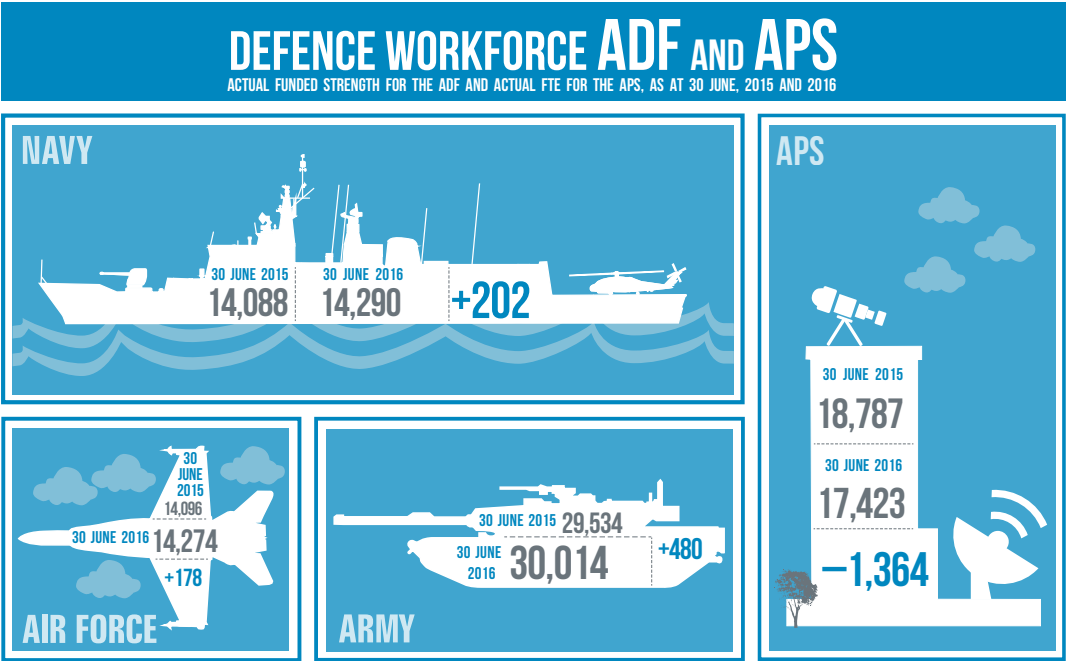
Resource summary

As at 30 June 2016, the Defence departmental net cash spend was \$31.5 billion. This was an underspend of \$356 million when compared to the revised estimate in the Defence Portfolio Budget Statements 2016–17, primarily as a result of an underspend of \$326 million in no-win/no-loss operations funding and foreign exchange movements.

People summary

Defence’s workforce includes Australian Public Service employees and Australian Defence Force members of the Navy, Army and Air Force. A snapshot of the Defence workforce at 30 June 2016 and 30 June 2015 is provided in Figure 2.5.

Figure 2.5: Australian Defence Force and Australian Public Service workforce snapshot, 2015 and 2016



The actual funded strength of the Australian Defence Force as at 30 June 2016 increased by 860 to 58,578 in 2015–16. This figure does not include the Reserve workforce, other than those on continuous full-time service. The actual full-time equivalent (FTE) staffing level for the Australian Public Service reduced by 1,364 to 17,423—the lowest level since 2001–02. These actual staffing figures include adjustments for part-time personnel and are the most reliable indicator of end-of-reporting-period staffing levels.

The average funded strength of the Australian Defence Force grew by 549 to 58,061 in 2015–16, and is forecast to increase in future years towards the 2016 Defence White Paper allocation.

The reduction in Australian Public Service employees continues the downward trend of the previous three years and is also evident in other workforce measures. The average number of FTE employees for 2015–16 was 18,071, a decrease of 1,271 from 2014–15 (19,342), and the downward trend is expected to continue in 2016–17. As the Australian Public Service workforce trends down, the average FTE figure will always be above the end-of-year actual figure.

Defence's APS headcount for the year also showed a downward trend from 19,967 at 30 June 2015 to 18,578 at 30 June 2016, a reduction of 1,389. The headcount figure includes paid and unpaid employees, counting full-time, part-time, ongoing and non-ongoing employees equally.

ADF and APS staffing figures for 2015–16 and for 2014–15 are shown in tables 2.1 and 2.2.

Table 2.1: Australian Defence Force staffing figures, 2014–15 and 2015–16

ADF staffing measure	2014–15	2015–16	Variation
For workforce planning purposes			
Actual funded strength (paid strength as at 30 June)	57,718	58,578	+860
Average funded strength (over the financial year)	57,512	58,061	+549
For other statistical data			
Permanent headcount (on duty/leave and paid/unpaid)	57,404	58,035	+631

Note: Funded strength figures include the ADF Gap Year. For consistency with other tables in Chapter 7, the headcount figures do not include the ADF Gap Year, which had 219 participants on 30 June 2015, rising to 395 participants on 30 June 2016.

Funded strength figures do not include the Reserve workforce, other than those on continuous full-time service who are paid through the same mechanism as Permanent Force members. For consistency with other tables in Chapter 7, the headcount figures do not include Reserve members.

Table 2.2: Australian Public Service staffing figures, 2014–15 and 2015–16

APS staffing measure	2014–15	2015–16	Variation
For workforce planning purposes			
Actual FTE (paid strength as at 30 June)	18,787	17,423	–1,364
Average FTE (over the financial year)	19,342	18,071	–1,271
For other statistical data			
Headcount figure (on duty/leave, full-time/part-time, paid/unpaid)	19,967	18,578	–1,389

Note: Figures include both ongoing and non-ongoing APS employees.

Further details about the workforce are in Chapter 7—Strategic workforce management.

Changes in ministerial responsibilities

Following the Prime Minister's announcement on 20 September 2015 of changes to the ministry, the following changes occurred on 21 September 2015:

- Minister for Defence—Senator the Hon Marise Payne replaced the Hon Kevin Andrews MP
- Assistant Minister for Defence renamed Minister for Defence Materiel and Science—the Hon Mal Brough MP replaced the Hon Stuart Robert MP
- Parliamentary Secretary to the Minister for Defence renamed Assistant Minister for Defence—the Hon Darren Chester MP
- Minister for Veterans' Affairs—the Hon Stuart Robert MP replaced Senator the Hon Michael Ronaldson.

Following the Prime Minister's announcement on 13 February 2016 of changes to the ministry, the following changes occurred on 18 February 2016:

- Minister for Defence allocated defence science portfolio responsibilities
- Minister for Defence Materiel and Science renamed Minister for Defence Materiel—the Hon Dan Tehan MP replaced the Hon Mal Brough MP
- Assistant Minister for Defence—the Hon Michael McCormack MP replaced the Hon Darren Chester MP
- Minister for Veterans' Affairs—the Hon Dan Tehan MP replaced the Hon Stuart Robert MP.

The Minister for Veterans' Affairs is in the Defence portfolio but reports separately through the Department of Veterans' Affairs budget statements and annual report.

These ministerial responsibilities are correct as at 30 June 2016. Details of the current allocation of portfolio responsibilities for Defence are online at www.minister.defence.gov.au/allocation-of-portfolio-responsibilities.





CHAPTER THREE

ANNUAL PERFORMANCE STATEMENTS

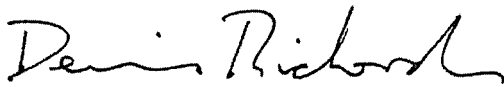
TOWNSVILLE SOUTH

Annual performance statements

Annual performance statements are a new requirement of the *Public Governance, Performance and Accountability Act 2013*. The annual performance statements replace the section on performance included in previous annual reports. The statements provide an assessment of Defence's performance in achieving the intended results described in the *2015–16 Defence Corporate Plan* and the key performance indicators listed in the Portfolio Budget Statements (PBS) and Portfolio Additional Estimates Statements (PAES) for 2015–16.

Statement of preparation

I, as the accountable authority of the Department of Defence, present the 2015–16 annual performance statements of the Department of Defence, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.



Dennis Richardson

Secretary of the Department of Defence

28 October 2016

Performance overview

In 2015–16, Defence worked to deliver three outcomes for Government:

Outcome 1	The protection and advancement of Australia's national interests through the provision of military capabilities and the promotion of security and stability.
Outcome 2	The advancement of Australia's strategic interests through the conduct of military operations and other tasks as directed by Government.
Outcome 3	Support for the Australian community and civilian authorities as requested by Government.

ADF Arts for Recovery, Resilience, Teamwork and Skills

Using the arts to assist in recovery from injuries and illness might appear to be new for the modern defence force; however, it is not new for general society. The arts have always been part of our lives, whether as a hobby, a profession or as a rehabilitation tool. The arts are about telling a story—and we all love a good story.

Following the success of the 2014 play *The Long Way Home*, a Defence and Sydney Theatre Company production focused on the challenges facing Australian Defence Force personnel as a result of their service, Defence agreed to trial an arts-based program—ADF Arts for Recovery, Resilience, Teamwork and Skills (ARRTS)—to assist Australian Defence Force members who have been wounded, injured or become ill in service.

Evaluations of the first two ARRTS programs reported significant wellbeing benefits for participants, including improved self-esteem and social functioning levels. Defence intends to continue the ARRTS program twice a year until 2020.

The month-long program offers participants the opportunity to specialise in one of four creative streams—music and rhythm, creative writing, acting and performance, and visual arts. A health team of a psychologist, nurse and physiotherapist provides support to participants suffering physical and psychological injuries.



Australian Army Staff Cadet Bethany Gallagher, of the Royal Military College – Duntroon, completes an art piece while taking part in the Arts for Recovery, Resilience, Teamwork and Skills program at the University of Canberra.

The program is designed to improve confidence and resilience by demonstrating to participants they are capable of learning new skills and able to adapt to different environments. The acquisition of arts-based skills in a positive learning environment encourages improved self-esteem, initiative and teamwork.

The program is an adjunct to conventional therapy. Trainers, experts in their individual artistic stream, offer skills training which is incremental and tailored to the ability of each individual. All artistic endeavours entail storytelling in some way. This will help participants improve their ability to communicate with their families, their mates and the community.

In each program, up to 30 Defence members try something really outside the box and the program concludes with a showcase to display their achievements. Family members are invited to attend the showcase and they are normally pleasantly surprised by the achievements and changes they witness.

So far the program has assisted 66 members in developing a new skill, relearning an old one and gaining the confidence to discuss their concerns with others—whether that skill is a poem, short story, performance, sculpture or painting, beating a drum or singing a song they wrote.

A new sense of purpose appears to be the most important result of this program, as attendees are able to form a new team with like-minded individuals who share experience of both service and injury or illness.



Australian Defence Force members take part in the drama component of the Arts for Recovery, Resilience, Teamwork and Skills program at the University of Canberra; (L–R) Australian Army soldier Craftsman Sean Murnane, Australian Army Staff Cadet Kelly Barnes and Royal Australian Navy officer Lieutenant Commander Damon Craig.

We worked to achieve these outcomes through the fulfilment of 10 purposes described in the *2015–16 Defence Corporate Plan*:

Purpose 1	Provide advice to Government
Purpose 2	Conduct operations
Purpose 3	Manage the capability lifecycle
Purpose 4	Integrate enabling functions to support operations and capability
Purpose 5	Enhance intelligence and security capability
Purpose 6	Understand and shape Australia's international security environment
Purpose 7	Partner with industry to enhance Defence capability
Purpose 8	Recruit, retain and skill a diverse Australian Defence Force and Australian Public Service workforce
Purpose 9	Mature enterprise governance and decision making
Purpose 10	Implement the First Principles Review and 2016 Defence White Paper

Overall, Defence performed well in 2015–16, delivering its stated business outputs. Defence continues to conduct operations in support of achieving the Government's national strategic objectives, while transforming the organisation through implementation of the First Principles Review. Defence delivered a range of new policy guidance with the publication of the 2016 Defence White Paper and its associated documents—the Integrated Investment Program and the Defence Industry Policy Statement.

The tempo within Defence is increasing as the organisation implements the changes recommended by the First Principles Review. This level of change to structures and business processes, coupled with the release of the 2016 Defence White Paper and in particular the Integrated Investment Program, is placing further pressure on the key risk area—the skills and capacity of the workforce. Management of the total workforce will be a focus for Defence in 2016–17, with the implementation of the Defence Strategic Workforce Plan.

Particular highlights in 2015–16 were:

- working with the Government to deliver an array of new policy guidance with the release of the 2016 Defence White Paper, Defence Industry Policy Statement and Integrated Investment Program.
- the development of a Defence International Engagement Plan to support implementation of the 2016 Defence White Paper, particularly its emphasis on extending the scope and nature of our engagement with partners in our region and around the world
- ongoing conduct of a wide range of operations in support of the Government's national strategic objectives, including Operation Okra (Iraq), Operation Highroad (Afghanistan), Operation Resolute (border protection) and Operation Fiji Assist (recovery after Tropical Cyclone Winston)
- Exercise Talisman Sabre, which was conducted in July 2015 in partnership with the United States. In addition to its training value, the exercise serves a certification function for formally validating the preparedness of large-scale amphibious operations capabilities for Australia and the United States
- achieving certification of the HMAS *Adelaide* landing helicopter dock operating capability earlier than expected. Together with HMAS *Canberra* and other platforms and systems, HMAS *Adelaide* provides a robust amphibious operations capability
- the first year of implementation of the recommendations of the First Principles Review, with the completion of 36 of the 75 recommendations laying the foundations for the broader changes that are required.

An assessment of how Defence performed against each purpose is provided below, and each purpose is mapped to the relevant Portfolio Budget Statements outcome.

Purpose 1—Provide advice to Government

(Outcomes 1, 2 and 3)

Defence must provide high-quality, coherent and timely policy advice to Government. As part of implementing the First Principles Review, Defence has brought policy functions together to improve the quality of advice provided to Government.

Analysis of performance against Purpose 1

In 2015–16, Defence restructured its policy and intelligence functions into one Group, as recommended by the First Principles Review. The Strategic Policy and Intelligence Group also includes contestability and industry engagement functions to provide more timely, well-considered and higher-quality advice to Government.

The release of the 2016 Defence White Paper, Defence Industry Policy Statement and Integrated Investment Program provides Defence with long-term, strategic guidance about Government requirements. Defence provided the significant policy advice that underpins the development of these documents.

Performance information against the performance criteria related to Purpose 1 is available in tables 3.1 and 3.2.

Table 3.1: Performance results for criteria relating to Purpose 1

Performance in achieving the purpose		
Performance criterion	Source	Results
<i>Government has confidence in the relevance and quality of Defence advice.</i>	<i>2015–16 Defence Corporate Plan, p. 6</i>	Defence provided significant policy input and advice regarding the global security environment and Defence capability to develop the 2016 Defence White Paper, which the Government released on 25 February 2016. In addition, Defence provided advice to the Minister and National Security Committee of Cabinet on other matters. This advice is becoming more robust through internal contestability, which ensures alignment with Government requirements.
<i>Decision makers have a deeper understanding of Australian defence and national security and are better supported in developing and deciding policy.</i>	<i>2015–16 Defence Corporate Plan, p. 6</i>	The 2016 Defence White Paper and 2016–17 Budget have provided alignment between strategy, capability and resources. The development of a stronger policy function, including contestability, is critical to maintaining this alignment into the future.

Table 3.2: Performance results for criteria relating to delivering the outcomes of Purpose 1

Performance in delivering the outcomes		
Performance criterion	Criterion source ¹	Results
<i>Policy guidance is forward looking, timely, innovative and practical.</i>	<i>2015–16 PBS Program 1.1: Office of the Secretary and Chief of the Defence Force, pp. 33, 35</i>	Achieved.
<i>Timely, accurate and widely consulted advice provided to Government.</i>	<i>2015–16 PBS Program 1.7: Vice Chief of the Defence Force, p. 55</i>	Achieved.
<i>Timeliness and quality of advice, including Cabinet documentation, provided by the department meets requirements.</i>	<i>2015–16 PBS Program 1.9: Chief Operating Officer – Defence Support and Reform, p. 60</i>	Achieved.

Note

1. Program 1.9 in the Portfolio Budget Statements for 2015–16 referred to the Chief Operating Officer. The position title changed to Associate Secretary from 1 April 2015. All references to the Chief Operating Officer will be replaced with the Associate Secretary in 2016–17.

Purpose 2—Conduct operations

(Outcomes 1, 2 and 3)

Defence advances Australia's strategic interests by planning for, developing and maintaining the capability to deter and defeat armed attacks on Australia or on Australian interests. This includes planning for, conducting, controlling and evaluating Defence and/or coalition contributions to Government-directed operations. These operations include those that contribute to the security of the immediate neighbourhood and those that support wider interests.

Analysis of performance against Purpose 2

Defence met Government requirements by conducting operations as directed, both ongoing and at short notice, in the near region as well as globally. This included provision of capabilities and personnel deployed to the Middle East region. The Australian Defence Force also provided support to multiple operational and humanitarian activities.

Major operational commitments focused on supporting the US-led coalition to combat Da'esh and affiliate violent extremist organisations. The Australian Defence Force also supported the North Atlantic Treaty Organisation-led mission in Afghanistan and United Nations-led missions throughout the Middle East and North African regions; border protection; increased support to the Australian Antarctic Division; and rapid deployment of humanitarian and disaster recovery assistance to Fiji.

Maritime surveillance patrols, including those conducted in support of Operation Gateway (South-East Asia), protected national interests. Operation Solania supported the enforcement of Pacific Island nations' fisheries laws and Operation Render Safe located and disposed of explosive devices of war in Pacific Island nations.

Domestic operations focused on delivering outcomes against strategic defence objectives, including implementing a comprehensive Defence counter-terrorism framework, meeting requests for domestic disaster relief, and surveillance and interdiction operations to protect our northern approaches.

Overall, unit ready days were achieved in accordance with plans. Landing helicopter dock HMAS *Adelaide* contributed additional unit ready days due to earlier-than-planned certification of capability to conduct humanitarian assistance and disaster relief tasks.

There are some issues affecting preparedness performance, such as ongoing maintenance of the Armidale class patrol boat fleet and skill shortages in specialist areas; however, these have not affected Defence's ability to meet Government-directed tasks. Work to address these issues will continue in 2016–17.

Operational planning and performance oversight was conducted with strong departmental and interagency stakeholder engagement. Interagency partnerships were enhanced through stronger involvement in major exercises, facilitated by Joint Operations Command and the Australian Civil–Military Centre.

Performance information against the performance criteria related to Purpose 2 is available in tables 3.3 and 3.4.

Table 3.3: Performance results for criteria relating to Purpose 2

Performance in achieving the purpose		
Performance criterion	Source	Results
<i>Joint effects are delivered in accordance with Government requirements.</i>	<i>2015–16 Defence Corporate Plan, p. 6</i>	Joint forces were certified, deployed and sustained efficiently and effectively, and in accordance with Government timeframes.
<i>Chief of the Defence Force preparedness levels are achieved and maintained.</i>	<i>2015–16 Defence Corporate Plan, p. 6</i>	Preparedness performance in the reporting period was consistent with the operational tempo, with most capabilities meeting requirements. Some capabilities did not meet, or only partially met, requirements principally due to a higher rate of commitment and rotation of these forces. This did not impact on Defence's overall ability to meet Government requirements in 2015–16.
<i>Operational deployments meet the requirements of Government policy.</i>	<i>2015–16 Defence Corporate Plan, p. 6</i>	Government requirements were met through the planning and conduct of directed operations and activities.

Table 3.4: Performance results for criteria relating to delivering the outcomes of Purpose 2

Performance in delivering the outcomes				
Performance criterion	Criterion source		Results	
<i>Achieve levels of preparedness as directed by the Chief of the Defence Force.</i>	<i>2015–16 PBS Program 1.2: Navy Capabilities, p. 37</i>		Partially achieved. The preparedness of the Armidale class patrol boat fleet was impacted by emergent work identified during the hull-strengthening program.	
<i>Generate and sustain forces to meet the Government's operational requirements.</i>	<i>2015–16 PBS Program 1.2: Navy Capabilities, p. 37</i>		Achieved.	
<i>Achieve a level of training that maintains core skills, professional standards and baseline preparedness.</i>	<i>2015–16 PBS Program 1.2: Navy Capabilities, p. 37</i>		Achieved.	
<i>Provide timely, accurate and considered advice on Navy capabilities to the Government, the Chief of the Defence Force and the Secretary.</i>	<i>2015–16 PBS Program 1.2: Navy Capabilities, p. 37</i>		Partially achieved. Some advice did not meet benchmark timeframes.	
<i>Achieve HydroScheme data and surveying tasking requirements to meet national hydrographic surveying and charting obligations.</i>	<i>2015–16 PBS Program 1.2: Navy Capabilities, p. 37</i>		Partially achieved. HydroScheme survey days were affected by changes to training schedules, leading to an overall survey day achievement of 76 per cent.	
Unit ready days	Estimate	Actual	<i>2015–16 PAES Program 1.2: Navy Capabilities, p. 33</i>	Achieved.
<i>Major combatants</i>	3,233	3,206		
<i>Minor combatants</i>	4,186	4,054		
<i>Amphibious and afloat support</i>	859	859		
<i>Maritime teams</i>	2,558	2,558		
<i>Hydrographic force</i>	3,107	3,060		
Unit availability days	Estimate	Actual	<i>2015–16 PAES Program 1.2: Navy Capabilities, p. 33</i>	Partially achieved. Overall, the Navy achieved 96 per cent of the unit availability days target. Minor combatants achieved 90 per cent due to the requirement to undertake additional work in the Armidale class patrol boat hull-strengthening program.
<i>Major combatants</i>	2,935	2,889		
<i>Minor combatants</i>	3,677	3,305		
<i>Amphibious and afloat support</i>	785	779		
<i>Maritime teams</i>	2,558	2,558		
<i>Hydrographic force</i>	2,266	2,248		
HydroScheme products	Estimate	Actual	<i>2015–16 PBS Program 1.2: Navy Capabilities, p. 39</i>	Partially achieved. Technical staff shortages and reprioritisation of chart production effort affected achievement of charting projects. The Australian Hydrographic Service office suffered significant flood damage in March 2016, which affected chart production capabilities.
<i>Maritime safety updates</i>	1,100	1,183		
<i>Charting projects</i>	15	9		
<i>Nautical publications</i>	29	29		

Performance in delivering the outcomes (continued)			
Performance criterion	Criterion source		Results
Flying hours	Estimate	Actual	
<i>S-70B-2 (Seahawk)</i>	2,250	2,021	2015–16 PBS Program 1.2: Navy Capabilities, p. 39 Partially achieved. S-70B-2 flying hours were affected by unserviceability issues with embarked aircraft. MH-60R flying hours were affected by instructor workforce shortfalls and an extended training pipeline. * The Navy is operating MRH-90s; however, their flying hours have been included under 'Army aviation', as the Army is joint capability manager for the aircraft. The Navy has six aircraft and approximately 1,500 hours per annum in the mature state.
<i>AS350BA (Squirrel)</i>	1,500	1,609	
<i>MH-60R</i>	3,400	2,850	
<i>MRH-90* (multi-role helicopter)</i>	0	0	
<i>Laser airborne depth sounder aircraft</i>	980	946	
Flying hours	Estimate	Actual	
<i>CH-47D Chinook</i>	380	456	2015–16 PAES Program 1.3: Army Capabilities, p. 35 Partially achieved. The transfer of the MRH-90 to core support for Special Forces was suspended due to reliability and aircraft design shortfalls. Factors that affected achievement of flying hours include: • S-70A Black Hawk—fleet-wide maintenance issues and vacancies in contracted maintenance workforce • Bell 206B-1 Kiowa—reduction in trainee and flying instructor numbers • Tiger ARH—aspects of reliability, availability and maintainability • MRH-90 Taipan—higher-than-expected maintenance requirement exceeding capacity.
<i>CH-47F Chinook</i>	1,300	1,415	
<i>S-70A Black Hawk</i>	4,575	4,090	
<i>Bell 206B-1 Kiowa</i>	5,300	5,079	
<i>Tiger armed reconnaissance helicopter (ARH)</i>	4,350	3,995	
<i>MRH-90 Taipan</i>	6,250	5,575	
<i>Achieve levels of capability preparedness as directed by the Chief of the Defence Force.</i>	2015–16 PBS Program 1.3: Army Capabilities, p. 43		Achieved.
<i>Meet the Government's operational requirements.</i>	2015–16 PBS Program 1.3: Army Capabilities, p. 43		Achieved.
<i>Generate, prepare and sustain land forces for each current operation.</i>	2015–16 PBS Program 1.3: Army Capabilities, p. 43		Achieved.
<i>Achieve a level of training that maintains core skills, professional standards and baseline capability preparedness.</i>	2015–16 PBS Program 1.3: Army Capabilities, p. 43		Achieved.
<i>Provide timely, accurate and considered advice on Army capabilities to the Government, the Chief of the Defence Force and the Secretary.</i>	2015–16 PBS Program 1.3: Army Capabilities, p. 43		Achieved.

Performance in delivering the outcomes (continued)

Performance criterion			Criterion source	Results
Flying hours	Estimate	Actual		
PC-9/A	16,104	15,581	2015–16 PAES Program 1.4: <i>Air Force Capabilities</i> , p. 37	Achieved. * The PC-9/A replacement, P-8A Poseidon maritime surveillance and E/A-18G Growler electronic attack aircraft are not yet in service.
PC-9/A replacement*	0	0		
KA350 King Air	9,950	9,370		
C-130J Hercules	7,350	7,300		
C-17A Globemaster III	7,000	7,142		
C-27J Spartan	1,200	853		
KC-30A multi-role tanker support	6,000	5,924		
737 Boeing business jet	1,500	1,445		
CL-604 Challenger	1,903	2,003		
AP-3C Orion	6,770	7,110		
E-7A Wedgetail	3,240	3,532		
F/A-18A/B Hornet	17,700	15,986		
F/A-18F Super Hornet	5,200	4,866		
P-8A Poseidon*	0	0		
Hawk 127	7,000	6,627		
E/A-18G Growler*	0	0		
F-35A Lightning II	500	468		
Meet the Government's operational requirements.			2015–16 PBS Program 1.4: <i>Air Force Capabilities</i> , p. 47	Achieved.
Achieve levels of preparedness as directed by the Chief of the Defence Force.			2015–16 PBS Program 1.4: <i>Air Force Capabilities</i> , p. 47	Achieved.
Conduct force generation in a manner that balances operational commitments and contingency planning.			2015–16 PBS Program 1.4: <i>Air Force Capabilities</i> , p. 47	Achieved.
Achieve a level of training that maintains core skills, professional standards and baseline preparedness.			2015–16 PBS Program 1.4: <i>Air Force Capabilities</i> , p. 47	Achieved.
Provide timely, accurate and considered advice on Air Force capabilities to the Government, the Chief of the Defence Force and the Secretary.			2015–16 PBS Program 1.4: <i>Air Force Capabilities</i> , p. 47	Achieved.
Input to strategic-level decision making committees on military options and operational matters, and other advice on the development of capability, is timely and accurate.			2015–16 PBS Program 1.5: <i>Joint Operations Command</i> , p. 50	Achieved.
Joint forces are certified, deployed and sustained efficiently and effectively, and in accordance with agreed timeframes.			2015–16 PBS Program 1.5: <i>Joint Operations Command</i> , p. 50	Achieved.
Australian Defence Force operations and non-operational activities are planned, controlled and conducted in accordance with the promulgated rules of engagement and operational governance requirements in the areas of medical administration and clinical governance, and personnel, logistics, financial and contract management.			2015–16 PBS Program 1.5: <i>Joint Operations Command</i> , p. 50	Achieved.
High level of engagement with Joint Operations Command, International Policy Division, Strategic Policy Division, Australian Civil–Military Centre, and other government agencies, for operational matters.			2015–16 PBS Program 1.7: <i>Vice Chief of the Defence Force</i> , p. 55	Achieved.
Australian Defence Force operational tempo is managed within concurrency constraints.			2015–16 PBS Program 1.7: <i>Vice Chief of the Defence Force</i> , p. 55	Achieved.
Australian Defence Force joint and combined operational capability is enhanced.			2015–16 PBS Program 1.7: <i>Vice Chief of the Defence Force</i> , p. 55	Achieved.
Australian Defence Force operations meet their stated objective within the Government's guidance.			2015–16 PBS Program 2.1: <i>Operations Contributing to the Security of the Immediate Neighbourhood</i> , p. 84	Achieved.

Performance in delivering the outcomes (continued)		
Performance criterion	Criterion source	Results
<i>Australian Defence Force forces are effectively deployed and sustained.</i>	<i>2015–16 PBS Program 2.1: Operations Contributing to the Security of the Immediate Neighbourhood, p. 84</i>	Achieved.
<i>Australian Defence Force forces are withdrawn for reconstitution when they are no longer required.</i>	<i>2015–16 PBS Program 2.1: Operations Contributing to the Security of the Immediate Neighbourhood, p. 84</i> <i>2015–16 PBS Program 2.2: Operations Supporting Wider Interests, p. 87</i>	Achieved.
<i>Australian Defence Force operations meet their stated objective within the Government's guidance.</i>	<i>2015–16 PBS Program 2.2: Operations Supporting Wider Interests, p. 87</i>	Achieved.
<i>Australian Defence Force forces are effectively deployed and sustained.</i>	<i>2015–16 PBS Program 2.2: Operations Supporting Wider Interests, p. 87</i>	Achieved.
<i>Defence's contribution to national support tasks in Australia meets Government directives.</i>	<i>2015–16 PBS Program 3.1: Defence Contribution to National Support Tasks in Australia, p. 90</i>	Achieved.
<i>Defence's response to requests for Defence Force aid to the civil authority is effectively managed, sustained and reported.</i>	<i>2015–16 PBS Program 3.1: Defence Contribution to National Support Tasks in Australia, p. 90</i>	Achieved.
<i>Defence's response to requests for Defence assistance to the civil community is effectively managed, sustained and reported.</i>	<i>2015–16 PBS Program 3.1: Defence Contribution to National Support Tasks in Australia, p. 90</i>	Achieved.

Purpose 3—Manage the capability lifecycle

(Outcome 1)

The capability lifecycle is a core business process that enables Defence to perform its mission of defending Australia and its national interests. In line with First Principles Review recommendations, Defence must redesign its processes to procure capability more efficiently and effectively. In 2015–16, Defence worked to establish a single end-to-end capability development function that creates fewer handover points, uses a risk-based framework to inform decisions, and promotes a closer relationship between customer and purchaser. This included the development of an internal contestability function to ensure decisions are aligned to strategy, technically feasible and affordable.

Analysis of performance against Purpose 3

A capability lifecycle process was approved during 2015–16 and projects are transitioning to the new process, which includes strengthened contestability arrangements. In 2016–17, Defence will focus on embedding the new lifecycle as business as usual, and enhancing the contestability function.

The smart buyer concept was endorsed during 2015–16 and is a core part of the capability lifecycle. Central to the smart buyer approach is a new risk-based, decision-making framework that enables capability managers and project teams to identify key project risks and use that risk analysis to develop tailored project execution strategies.

In accordance with the First Principles Review recommendations, an Investment Committee has been established which is responsible for all capital investments and for maintaining the integrity of the Integrated Investment Program, which in turn is an important part of Defence developing and acquiring future capability.

Performance information against the performance criteria related to Purpose 3 is available in tables 3.5 and 3.6.

Table 3.5: Performance results for criteria relating to Purpose 3

Performance in achieving the purpose		
Performance criterion	Source	Results
<i>The Integrated Investment Program is implemented in accordance with Government decisions.</i>	2015–16 Defence Corporate Plan, p. 7	The delivery of the Integrated Investment Program is being managed through the Investment Committee in accordance with Government direction.
<i>Improved costing fidelity between first and second pass. A total-life-of-ownership costing model is implemented.</i>	2015–16 Defence Corporate Plan, p. 7	The Chief Finance Officer is leading the development and implementation of costing methodologies that align with whole-of-government requirements and improve the efficiency and effectiveness of Defence's costing activities.
<i>Proposals, once approved by Government, meet agreed schedule and are delivered within agreed costs and scope.</i>	2015–16 Defence Corporate Plan, p. 7	At 30 June 2016, Defence is managing 196 active major and minor capital equipment projects worth \$107.5 billion, 65 active major capital facilities projects worth \$11.3 billion and 46 information and communications technology capital/investment projects worth \$136.1 million. Major capital facilities projects are being delivered within agreed scope, schedule and cost. Military equipment projects are being delivered within the agreed parameters for scope and cost, with an average slip of 2.8 per cent against initial operational capability and 5.8 per cent against final operational capability, as measured against the schedule baseline in each project's latest materiel acquisition agreement.
<i>Government is satisfied capability proposals are fully contested, including the technical and cost components.</i>	2015–16 Defence Corporate Plan, p. 7	A Contestability Division was established within the Strategic Policy and Intelligence Group to provide assurance that capability proposals are aligned with strategy, technically feasible and affordable.

Table 3.6: Performance results for criteria relating to delivering the outcome of Purpose 3

Performance in delivering the outcome		
Performance criterion	Criterion source	Results ¹
<i>Approved major capital facilities projects are delivered within budget and schedule, compliant with legislative and other statutory requirements, standards and policies.</i>	2015–16 PBS Program 1.9: Chief Operating Officer – Defence Support and Reform, p. 60	Achieved.
<i>Strategic investment in consolidated networks, infrastructure, service-orientated architecture, applications and information management enables transition to a single information environment.</i>	2015–16 PBS Program 1.10: Chief Operating Officer – Chief Information Officer, p. 64	Achieved.
<i>Provide advice to the Secretary, the Chief of the Defence Force and the Minister within agreed timeframes.</i>	2015–16 PBS Program 1.13: Capability Development, p. 72	Achieved.
<i>Deliver Defence capability proposals with feasible schedule, cost and capability estimates.</i>	2015–16 PBS Program 1.13: Capability Development, p. 72	Achieved.
<i>Innovation activities contribute to current or future Defence capability, or de-risk capability development activities.</i>	2015–16 PBS Program 1.13: Capability Development, p. 72	Achieved.
<i>Submit test concept documents, early test plans, test evaluation master plans and trial reports in support of capability submissions.</i>	2015–16 PBS Program 1.13: Capability Development, p. 72	Achieved.
<i>Deliver major and minor capital equipment within the agreed parameters for schedule, scope and budget.</i>	2015–16 PBS Program 1.1 (old Defence Materiel Organisation): Management of Capability Acquisition, p. 156	Achieved.
<i>Capability Acquisition and Sustainment Group is meeting Government ministerial and departmental expectations and timeframes for provision of policy, advice and support and delivery of industry programs.</i>	2016–17 PBS Program 1.7: Capability Acquisition and Sustainment, p. 59	Achieved.

Note

1. Some projects experienced an in-year budget reprogramming and schedule delay.

Purpose 4—Integrate enabling functions to support operations and capability

(Outcomes 1, 2 and 3)

Defence's corporate and military enabling functions are essential to the effective and efficient delivery of capability and in supporting operations. The enabling functions range from supporting the Australian Defence Force in the conduct of operations through information and communications technology (ICT) services and logistics and health support, to building and remediating the Defence estate. Over the next four years, the priority is to develop a service delivery system as recommended by the First Principles Review. This involves standardising services, removing duplication of functions, professionalising the workforce and ensuring there are clear lines of ownership and accountability.

Analysis of performance against Purpose 4

In 2015–16, military enabling functions were consolidated under the Vice Chief of the Defence Force, and corporate enabling functions were consolidated under the Associate Secretary. These changes have promoted a more coordinated approach to service delivery.

Reforms to service delivery began in 2015–16 and will continue in 2016–17. Investment in ICT and estate infrastructure were included in the Integrated Investment Program and are monitored by the Investment Committee. In-year management and delivery of other enabling services are managed by the Enterprise Business Committee.

The Joint Logistics Command and Joint Health Command provided effective and efficient logistics and health support to current operations, force preparation and raise, train and sustain activities and exercises.

During the reporting period, eight major science and technology capabilities were externally reviewed. A number of world-class and world-leading capabilities were identified. A partnership framework was implemented, resulting in alliances with 30 universities, 11 multinational companies and three publicly funded research agencies. International partnerships with the United States and the United Kingdom were strengthened, and engagement with Japan and South Korea was extended.

Defence also conducted strategic research during the reporting period to mitigate strategic surprise and invest in game-changing capabilities. Achievements in 2015–16 include:

- the successful launch of a hypersonic test vehicle, HIFIRE 5b, from the Woomera test range
- the delivery of a viral epidemic forecasting algorithm that was adopted by government.

Defence experienced some challenges in the ICT domain in 2015–16, including an increased number of disruptions or degradation of service incidents due to ageing infrastructure and/or external circumstances, such as power outages. This will be addressed by the modernisation of Defence ICT, which is outlined in the 2016 Defence White Paper.

Performance information against the performance criteria related to Purpose 4 is available in tables 3.7 and 3.8.

Table 3.7: Performance results for criteria relating to Purpose 4

Performance in achieving the purpose		
Performance criterion	Source	Results
<i>Services are costed and benchmarked demonstrating value and return on investment.</i>	<i>2015–16 Defence Corporate Plan, p. 8</i>	A performance measurement framework was established to monitor the performance of corporate enabling services. The framework includes the creation of service delivery key performance indicators for each enabling function that measure the progress of service delivery reform and the results of various customer engagement mechanisms and benchmarking against industry for the four functions where comparable industry data is available (finance, ICT, human resources and non-materiel procurement).
<i>Services are customer-focused and integrated at the regional level.</i>	<i>2015–16 Defence Corporate Plan, p. 8</i>	Service delivery improvement programs implemented by each corporate enabling function are intended to enhance the focus on customers. Customer feedback through six-monthly customer satisfaction surveys is used to target improvement initiatives. Integration at the regional level commenced, with regional service delivery personnel engaged to implement an integrated service delivery model focused on improving the customer experience. The model includes an integrated web portal, transition to one phone number for all services (1800 Defence), and face-to-face centres to facilitate integrated service delivery outcomes for customers.
<i>Defence has established enterprise-wide frameworks for architecture standards and master data management.</i>	<i>2015–16 Defence Corporate Plan, p. 8</i>	Target-state architectures for each Defence information domain were identified, with the majority of architecture standards now complete.
<i>Defence has implemented a roadmap to standardise business and information processes and their supporting applications.</i>	<i>2015–16 Defence Corporate Plan, p. 8</i>	High-level roadmaps were completed for each of the information domains. The roadmaps articulate the planned rollout of information management capabilities out to 2025 for each domain.
<i>Information management investment is included and prioritised in the Integrated Investment Program.</i>	<i>2015–16 Defence Corporate Plan, p. 8</i>	The Integrated Investment Program included and prioritised information management investment.
<i>Estate investment is included and prioritised in the Integrated Investment Program.</i>	<i>2015–16 Defence Corporate Plan, p. 8</i>	Estate investment is now considered and prioritised by the Investment Committee, in accordance with the Integrated Investment Program.
<i>The estate is aligned with the requirements of the current and future force.</i>	<i>2015–16 Defence Corporate Plan, p. 8</i>	A Future Defence Estate Profile project was initiated to establish an optimal estate footprint that aligns the estate with current and future force requirements, and that is sustainable, efficient and safe. Eleven property disposals were actioned and provided gross proceeds of \$22.47 million to be reinvested in Defence.

Table 3.8: Performance results for criteria relating to delivering the outcomes of Purpose 4

Performance in delivering the outcomes		
Performance criterion	Criterion source	Results
<i>Australian Defence Force operations and exercises receive effective and efficient logistics and health support and services.</i>	<i>2015–16 PBS Program 1.1: Office of the Secretary and Chief of the Defence Force, p. 33</i>	Achieved.
<i>The Defence estate is managed and maintained to meet current and future Defence capability and Government priorities.</i>	<i>2015–16 PBS Program 1.9: Chief Operating Officer – Defence Support and Reform, p. 60</i>	Achieved.
<i>Agreed base support and other corporate services are prioritised and delivered to enable Defence capability requirements.</i>	<i>2015–16 PBS Program 1.9: Chief Operating Officer – Defence Support and Reform, p. 60</i>	Achieved.
<i>ICT capabilities are developed and sustained in accordance with agreed stakeholder priorities.</i>	<i>2015–16 PBS Program 1.10: Chief Operating Officer – Chief Information Officer, p. 64</i>	Achieved.
<i>ICT security is maintained to an appropriate level.</i>	<i>2015–16 PBS Program 1.10: Chief Operating Officer – Chief Information Officer, p. 64</i>	Achieved.
<i>ICT shared services reforms are effective in reducing costs and increasing productivity across Defence.</i>	<i>2015–16 PBS Program 1.10: Chief Operating Officer – Chief Information Officer, p. 64</i>	Achieved.
<i>ICT services and service support are delivered in accordance with the Defence ICT Services Delivery Charter and the Defence ICT Services Catalogue.</i>	<i>2015–16 PBS Program 1.10: Chief Operating Officer – Chief Information Officer, p. 64</i>	Partially achieved. The number of disruptions or degradation of service incidents increased due to ageing infrastructure and/or external circumstances, such as power outages.
<i>Defence's science and technology capability is contributed to by:</i> - a workforce with world-class expertise and facilities, measured through benchmarking and client feedback; and - appropriately leveraged science and technology engagement and partnerships with research organisations, industry and academia, including international government agencies.	<i>2015–16 PBS Program 1.12: Defence Science and Technology, p. 70</i>	Achieved.
<i>The applied research program is strategically balanced and aligned with the needs of Defence in support of operations, the current force, capability development and acquisition, and the needs of national security agencies.</i>	<i>2015–16 PBS Program 1.12: Defence Science and Technology, p. 70</i>	Achieved.
<i>Research program outputs enable enhanced Defence and national security capability, treat risks and save resources.</i>	<i>2015–16 PBS Program 1.12: Defence Science and Technology, p. 70</i>	Achieved.
<i>Strategic research is focused on supporting future Defence capability; it enables game-changing capability in the longer term, to both prevent and create strategic surprise.</i>	<i>2015–16 PBS Program 1.12: Defence Science and Technology, p. 70</i>	Achieved.
<i>Program outcomes are delivered on time, in scope and within agreed resources.</i>	<i>2015–16 PBS Program 1.12: Defence Science and Technology, p. 70</i>	Achieved.

Purpose 5—Enhance intelligence and security capability

(Outcomes 1, 2 and 3)

Defence intelligence capabilities support Australian Defence Force planning and operations, other government agencies and Government decision making. The increasing mobility, sophistication and agility of potential adversaries require Australia to have access to advanced signals and geospatial intelligence technologies, along with timely strategic advice. Defence intelligence needs to be able to exploit collection opportunities, analytical tools and space-based imaging capability to support the Australian Defence Force and other government agencies. Defence needs to protect its information, capabilities and people from security threats to ensure that it can meet national strategic priorities, support national-level decision making and guard against serious damage to national security.

Analysis of performance against Purpose 5

As a result of the First Principles Review, policy and intelligence functions were consolidated in 2015–16. The full value of this consolidation process is expected to be realised in 2016–17. Responsibility for security capabilities transitioned to the Associate Secretary in 2015–16, as it is one of the core corporate enabling services for Defence.

Cyber and intelligence capabilities became increasingly important in 2015–16, as discussed in the 2016 Defence White Paper. Cooperation with other agencies and international allies is a critical part of enhancing these capabilities. In 2015–16, Defence partnered with the Australian Cyber Security Centre to enhance cyber security awareness, and will continue to build on this relationship in 2016–17.

The Defence intelligence agencies developed capability through the professionalisation of the Defence Intelligence Organisation's intelligence analysts, investment in analytic tradecraft resources and improved cyber security awareness.

Performance information against the performance criteria related to Purpose 5 is available in tables 3.9 and 3.10.

Table 3.9: Performance results for criteria relating to Purpose 5

Performance in achieving the purpose		
Performance criterion	Source	Results
<i>Current intelligence capabilities: Defence meets Government's intelligence requirements.</i>	<i>2015–16 Defence Corporate Plan, p. 9</i>	The Defence intelligence agencies produced timely and high-value intelligence, particularly in support of Australian Defence Force operations.
<i>Current intelligence capabilities: Collaboration with cross-government intelligence partners is strengthened.</i>	<i>2015–16 Defence Corporate Plan, p. 9</i>	The Defence intelligence agencies partnered with both Australian and allied agencies to maximise collaboration opportunities across a broad spectrum of intelligence targets and topics.
<i>Next-generation intelligence capabilities: Defence meets Government's intelligence requirements.</i>	<i>2015–16 Defence Corporate Plan, p. 9</i>	The Defence intelligence agencies enhanced their intelligence capabilities. In particular, the Defence Intelligence Organisation focused on the requirement for ongoing professionalisation of intelligence analysts and strengthened investment in analytic tradecraft resources and innovative recruitment strategies.
<i>Next-generation intelligence capabilities: Collaboration with cross-government intelligence partners is strengthened.</i>	<i>2015–16 Defence Corporate Plan, p. 9</i>	The Defence intelligence agencies strengthened collaboration with cross-government intelligence partners by leveraging existing processes and forums and identifying new opportunities.
<i>There is a reduction in the number of security incidents.</i>	<i>2015–16 Defence Corporate Plan, p. 9</i>	During the reporting period, there was a small increase in incident reporting due to greater reporting of minor incidents by Defence personnel as a result of the heightened security threat environment and an increase in security awareness and training.
<i>Managers actively work to fulfil their security obligations.</i>	<i>2015–16 Defence Corporate Plan, p. 9</i>	During the reporting period, Defence issued a new Supervisor Security Handbook, which provides tailored security guidance for supervisors and reinforces their contribution to meeting Defence security obligations.
<i>The Australian Government Security Vetting Agency services meet customer expectations.</i>	<i>2015–16 Defence Corporate Plan, p. 9</i>	The time taken to complete baseline and negative vetting clearances is close to the benchmark, with more than 70 per cent of customers satisfied with the services provided. A positive vetting remediation program is addressing a backlog of clearances to achieve benchmark timeframes.

Table 3.10: Performance results for criteria relating to delivering the outcomes of Purpose 5

Performance in delivering the outcomes		
Performance criterion	Criterion source	Results
<i>Deliver intelligence and security services to meet Defence and Government requirements.</i>	<i>2015–16 PBS Program 1.6: Intelligence Capabilities, p. 52</i>	Achieved.
<i>Develop next-generation intelligence, geospatial and security assessment capabilities, including geospatial intelligence, signals intelligence and cyber.</i>	<i>2015–16 PBS Program 1.6: Intelligence Capabilities, p. 52</i>	Partially achieved. Defence made progress in developing its geospatial intelligence, signals intelligence and cyber capabilities in 2015–16. Defence will implement innovative recruitment and retention plans in 2016–17 to grow the specialist intelligence workforce needed to meet the requirements set out in the 2016 Defence White Paper.
<i>Strengthen the approach to security across Defence and government.</i>	<i>2015–16 PBS Program 1.6: Intelligence Capabilities, p. 52</i>	Achieved.
<i>Deliver strategic guidance and management support to meet Defence's foreign language requirements.</i>	<i>2015–16 PBS Program 1.6: Intelligence Capabilities, p. 52</i>	Partially achieved. Due to the specialised nature of particular foreign language requirements and some resource constraints, not all priorities were achieved. Updated strategic guidance is being implemented to support the achievement of the required foreign language training and testing.
<i>Achieve best practice in governance and compliance.</i>	<i>2015–16 PBS Program 1.6: Intelligence Capabilities, p. 52</i>	Achieved.
<i>Ensure that the intelligence and security workforce is developed and skilled.</i>	<i>2015–16 PBS Program 1.6: Intelligence Capabilities, p. 52</i>	Partially achieved. Defence is fostering a culture of ongoing improvement and professionalisation of the intelligence and security workforce to ensure high-quality products can be delivered now and into the future. Efforts in 2016–17 will focus on recruiting and retaining the highly specialised workforce needed to sustain the required rate of effort in support of Defence and whole-of-government requirements.
<i>Deliver intelligence capability dividends through international and national partnerships.</i>	<i>2015–16 PBS Program 1.6: Intelligence Capabilities, p. 52</i>	Achieved.
<i>Advice to Defence and the Government on science and technology matters is valued through its contribution to improved Defence and national security outcomes.</i>	<i>2015–16 PBS Program 1.12: Defence Science and Technology, p. 70</i>	Achieved.

Purpose 6—Understand and shape Australia's international security environment

(Outcomes 1 and 2)

The Government expects Defence to play an active role in contributing to regional security and stability, and to contribute to coalition operations across the world where our interests are engaged. Delivering on these expectations requires Australia to build on its strong network of bilateral and multilateral relationships. Through regular dialogue and practical cooperation, Defence is strengthening its engagement with partners to support shared responses to shared challenges.

Analysis of performance against Purpose 6

The release of the 2016 Defence White Paper provided Government direction about how Defence is expected to shape the international security environment. The consolidation of policy and intelligence functions will assist in providing clear advice to the Government about the international security environment and Defence's role.

During 2015–16, the conduct of international engagement activities, including bilateral exercises such as Exercise Talisman Sabre 15, provided the opportunity for Defence to certify capabilities and enhance interoperability with the United States, a key Defence partnership. International engagement activities, such as the United States Marine Corps rotation and training of military and security forces in the Middle East, also contributed to the effective management of Australia's security interests.

The sixth United States Marine Corps rotation began in 2016 in the Northern Territory, comprising around 1,250 Marines, four Bell UH-1Y Venom helicopters and supporting equipment. During the reporting period, Australia and the United States worked collaboratively to develop sustainable policy and governance arrangements.

On 2 April 2016, Australia's export controls were strengthened by the implementation of the *Defence Trade Controls Act 2012*. Detailed statistical information is available at www.defence.gov.au/deco/Statistics.asp.

The Australian Civil–Military Centre achieved its goals in 2015–16, including delivery of the Government-directed East Asia Summit Rapid Disaster Response: Search and Rescue lessons-learned seminar in Sydney in September 2015. The seminar was co-chaired by Australia and Thailand.

Performance information against the performance criteria related to Purpose 6 is available in tables 3.11 and 3.12.

Table 3.11: Performance results for criteria relating to Purpose 6

Performance in achieving the purpose		
Performance criterion	Source	Results
<i>The Defence International Engagement Strategy is implemented as agreed with Government.</i>	<i>2015–16 Defence Corporate Plan, p. 10</i>	The Defence International Engagement Strategy was developed and, along with the Defence International Engagement Policy, informs subordinate plans, directives and Defence's program of engagement activities.

Table 3.12: Performance results for criteria relating to delivering the outcomes of Purpose 6

Performance in delivering the outcomes		
Performance criterion	Criterion source	Results
<i>Policy guidance is forward-looking, timely, innovative and practical.</i>	<i>2015–16 PBS Program 1.1: Strategy, pp. 33, 35</i>	Achieved.
<i>Defence's international engagement activities contribute to the effective management of Australia's security interests.</i>	<i>2015–16 PBS Program 1.1: Strategy, p. 35</i>	Achieved.
<i>Defence's export control system is effectively managed, and balances proliferation concerns and Australia's trade objectives.</i>	<i>2015–16 PBS Program 1.1: Strategy, p. 35</i>	Achieved.
<i>Staff skills are developed and continually enhanced.</i>	<i>2015–16 PBS Program 1.1: Strategy, pp. 33, 35</i>	Achieved.
<i>Australian Civil–Military Centre delivers its goals effectively and efficiently in accordance with Government instructions.</i>	<i>2015–16 PBS Program 1.7: Vice Chief of the Defence Force, p. 55</i>	Achieved.
<i>Defence activities to implement the force posture initiatives are identified and completed in accordance with arrangements between the Australian and United States governments.</i>	<i>2015–16 PBS Program 1.8: Chief Operating Officer – Defence Executive Support, p. 58</i>	Achieved.

Purpose 7—Partner with industry to enhance Defence capability

(Outcomes 1 and 2)

Australia's defence industry is a major partner in the Government's plans for current and future defence capabilities. It is vital that Australia maintains a science and technology base and defence industry capable of supporting Defence's acquisition and sustainment requirements during peacetime and operations. Defence is working with industry to implement a shared policy agenda that supports the growth and competitiveness of Australian businesses. A highly skilled and capable Australian defence industry is necessary for Defence to achieve its strategic objectives and deliver large-scale, complex projects and sustain military capability.

Analysis of performance against Purpose 7

The release of the 2016 Defence Industry Policy Statement clearly identified that Defence needs to build a closer collaboration with industry to meet the challenges of the future and deliver the Government's program of work. An essential element of the First Principles Review's new capability lifecycle is the institutionalising of Australian industry as a fundamental input to capability. This new approach was reflected in Defence's work to mature the new lifecycle in 2015–16.

A new Industry Policy Division was established in the Strategic Policy and Intelligence Group and will work closely with industry in 2016–17 and beyond to build industry skills and drive competitiveness and export potential while harnessing Australian innovation and expertise.

A number of major capability decisions in 2015–16 entailed significant long-term Australian industry involvement. This included the commitment to the construction of future submarines and the continuous build of surface vessels in Australia; the acquisition of 1,100 Australian-designed and manufactured Hawkei protected mobility vehicles; the Wedgetail airborne early warning and control system upgrades and sustainment contracts; and the strategic munitions interim contract utilising Mulwala and Benalla facilities.

Defence will implement a number of initiatives in 2016–17, including the Centre for Defence Industry Capability, Defence Innovation Hub, and Next Generation Technologies Fund to connect Defence capability needs with the innovation expertise of the Australian industry and academic base.

Performance information against the performance criteria related to Purpose 7 is available in Table 3.13. There were no programs or performance criteria related to this purpose in the 2015–16 Portfolio Budget Statements or Portfolio Additional Estimates Statements.

Table 3.13: Performance results for criteria relating to Purpose 7

Performance in achieving the purpose		
Performance criterion	Source	Results
<i>The Defence Industry Policy Statement is published in accordance with agreed Government timeframes.</i>	<i>2015–16 Defence Corporate Plan, p. 10</i>	The Defence Industry Policy Statement was released on 25 February 2016 as part of the 2016 Defence White Paper package.
<i>The public version of the Integrated Investment Program is provided to industry.</i>	<i>2015–16 Defence Corporate Plan, p. 10</i>	The Government released the 2016 Defence White Paper, the Integrated Investment Program and the Defence Industry Policy Statement in early 2016.

Purpose 8—Recruit, retain and skill a diverse Australian Defence Force and Australian Public Service workforce

(Outcomes 1, 2 and 3)

An integrated Australian Defence Force and Australian Public Service workforce is the foundation for delivering the organisation envisaged in the First Principles Review. It is also necessary to ensure Defence is fit for purpose and able to deliver its long-term strategy as outlined in the 2016 Defence White Paper. Defence needs Australian Defence Force personnel and Australian Public Service employees who have the right attitude, the right skills, and are in the right roles to achieve the Defence mission.

Analysis of performance against Purpose 8

Workforce diversity improved during the reporting period; participation rates improved for females (permanent Australian Defence Force from 15.3 per cent to 15.5 per cent, and Australian Public Service from 40.6 per cent to 41.2 per cent), Indigenous Australians (permanent Australian Defence Force from 1.5 per cent to 1.8 per cent, and APS from 1.2 per cent to 1.7 per cent), and people with disability (APS from 3.3 per cent to 3.5 per cent). Improving workforce diversity continues to be a priority for Defence to enable access to the broadest available talent in Australia and create a more inclusive culture.

Recruiting and retaining the required intelligence workforce remains a challenge for Defence. Work will continue in 2016–17 to improve security clearance timeframes and to trial more innovative approaches to intelligence workforce recruitment.

A key recommendation from the First Principles Review was the development of a strategic workforce plan. This has commenced and will be finalised in 2016. It is being developed based on an analysis of Defence's workforce needs; identification of initiatives to improve recruitment and retention of personnel with critical skills; and identification of key skills that need to be developed in existing staff.

Performance information against the performance criteria related to Purpose 8 is available in tables 3.14 and 3.15.

Table 3.14: Performance results for criteria relating to Purpose 8

Performance in achieving the purpose		
Performance criterion	Source	Results
<i>Demand and supply are both aligned and well managed; people, skills and positions are matched for optimal performance outcomes.</i>	2015–16 Defence Corporate Plan, p. 11	The development of a Defence Strategic Workforce Plan commenced in 2015–16 and identified 10 initiatives that will enable Defence to better align the demand and supply of skills. The Defence Strategic Workforce Plan will be implemented in 2016–17.
<i>Defence engages effectively with the market to recruit, train and retain a skilled workforce.</i>	2015–16 Defence Corporate Plan, p. 11	In addition to the Defence Strategic Workforce Plan, a Defence People document was drafted, detailing the key actions to deliver key people initiatives.
<i>Australian Defence Force members and families' health and welfare requirements are delivered within agreed targets.</i>	2015–16 Defence Corporate Plan, p. 11	Defence provided an average 125,000 episodes of care to Defence members each month, a 9 per cent increase since 2014–15. Wait times for non-urgent medical appointments decreased and customer satisfaction increased. Take-up of the National Australian Defence Force Family Health Program was 63 per cent for entitled members.
<i>Workforce diversity has year-on-year improvements.</i>	2015–16 Defence Corporate Plan, p. 11	Workforce diversity improved during the reporting period; participation rates improved for females, people with Indigenous heritage and people with disability.
<i>Defence has implemented a revised individual performance management system that is consistently applied, recognises and rewards high performance and introduces consequences for underperformance and failure to deal with it.</i>	2015–16 Defence Corporate Plan, p. 11	Defence delivered a new performance framework for the Senior Leadership Group, with agreed leadership behaviours that reinforce a culture of accountability.
<i>Increased staff satisfaction that workforce issues are being resolved promptly.</i>	2015–16 Defence Corporate Plan, p. 11	Survey data showed no statistically relevant change in the level of staff satisfaction with the management and handling process of complaints and incidents of unacceptable behaviour. Seventy reviews of actions and 749 complaints of unacceptable behaviour were finalised.
<i>There is a year-on-year decrease in the number of work health and safety breaches.</i>	2015–16 Defence Corporate Plan, p. 11	The number of notifiable work health and safety events/incidents declined during the reporting period. In 2015–16, the number of notifiable incidents was 13,031, a reduction of 1,380 from 14,411 in 2014–15.

Table 3.15: Performance results for criteria relating to delivering the outcomes of Purpose 8

Performance in delivering the outcomes		
Performance criterion	Criterion source	Results
<i>Delivery of learning outcomes meets Defence capability requirements.</i>	2015–16 PBS Program 1.7: Vice Chief of the Defence Force, p. 55	Achieved.
<i>Timely, accurate and widely consulted advice on nature of service classifications.</i>	2015–16 PBS Program 1.7: Vice Chief of the Defence Force, p. 55	Achieved.
<i>Planning and policy frameworks to enable the contribution of the Reserves to Defence and the wider community are enhanced.</i>	2015–16 PBS Program 1.7: Vice Chief of the Defence Force, p. 55	Achieved.
<i>Governance and accountability frameworks that enhance the youth development experience within the Australian Defence Force Cadets and the Defence Work Experience Program.</i>	2015–16 PBS Program 1.7: Vice Chief of the Defence Force, p. 55	Achieved.
<i>Advice to the Secretary, Chief of the Defence Force and Government on people issues is timely and of a high quality.</i>	2015–16 PBS Program 1.11: Chief Operating Officer – Defence People, p. 68	Achieved.
<i>People reform through the First Principles Review, Defence White Paper, and human resource services is effective in improving customer-focused service delivery.</i>	2015–16 PBS Program 1.11: Chief Operating Officer – Defence People, p. 68	Achieved.
<i>Projects and initiatives described in Pathway to Change and the People chapter of the Defence Annual Plan, which are aimed at delivering a sustainable people capability in Defence, are completed in a timely manner and achieve the desired outcomes.</i>	2015–16 PBS Program 1.11: Chief Operating Officer – Defence People, p. 68	Achieved.
<i>Implementation milestones are achieved for an updated strategic workforce plan, including for each APS job family.</i>	2015–16 PBS Program 1.11: Chief Operating Officer – Defence People, p. 68	Achieved.

Performance in delivering the outcomes (continued)				
Performance criterion		Criterion source		Results
Implementation of a strengthened performance management system.		2015–16 PBS Program 1.11: Chief Operating Officer – Defence People, p. 68		Partially achieved. Improvements to the performance framework for the Senior Leadership Group were implemented. Improvements to the APS performance management system are pending, following the agreement and implementation of a new Defence Enterprise Agreement. Defence has increased the take-up of leadership programs with a focus on performance culture and reform.
Completion of the Australian Defence Force Total Workforce Model for implementation by the Services.		2015–16 PBS Program 1.11: Chief Operating Officer – Defence People, p. 68		Achieved.
Implementation of a new modern military superannuation arrangement for people joining the Australian Defence Force from 1 July 2016.		2015–16 PBS Program 1.11: Chief Operating Officer – Defence People, p. 68		Achieved.
Enhanced support to wounded, ill and injured members of the Australian Defence Force is provided in conjunction with the Department of Veterans' Affairs.		2015–16 PBS Program 1.11: Chief Operating Officer – Defence People, p. 68		Achieved.
Implementation milestones are achieved on schedule for the Defence work health and safety strategy and the diversity and inclusion strategy.		2015–16 PBS Program 1.11: Chief Operating Officer – Defence People, p. 68		Achieved.
Provide timely and professional support services to Australian Defence Force members and families, including delivery of family support programs and bereavement support in the event of death and serious casualties.		2015–16 PBS Program 1.11: Chief Operating Officer – Defence People, p. 68		Achieved.
Achieve Australian Defence Force recruiting targets.		2015–16 PBS Program 1.11: Chief Operating Officer – Defence People, p. 68		Partially achieved. A focus for 2016–17 will be on improving Reserve recruitment and pursuing greater diversity within the Australian Defence Force. * This only includes recruitment of ab initio personnel (those with no prior military service) and applicants with prior service who are recruited through Defence Force recruiting. Personnel with prior military service enlisted through lateral transfers and re-entry are not included.
Permanent Force entry	Target: 5,207	Applicants enlisted:* 4,734	Enlistment achieved: 90%	
Gap Year entry	Target: 445	Applicants enlisted: 445	Enlistment achieved: 100%	
Reserve Force entry	Target: 1,686	Applicants enlisted: 1,249	Enlistment achieved: 74%	
Ensure timely recognition of Australian Defence Force members, ex-serving members and APS employees in accordance with the Australian and imperial honours and awards systems, and the civilian long service recognition schemes.		2015–16 PBS Program 1.11: Chief Operating Officer – Defence People, p. 68		Achieved.
Staff skills are developed and personnel management practices successfully balance competing priorities.		2015–16 PBS Program 1.11: Chief Operating Officer – Defence People, p. 68		Achieved.
Delivery of Defence APS learning and development meets Defence job family and capability requirements.		2015–16 PAES Program 1.12: Defence People, p. 47		Achieved.
Provision of timely payments to the Commonwealth Superannuation Corporation and quality administration of Defence Forces Retirement Benefits (DFRB) Scheme, Defence Force Retirement and Death Benefits (DFRDB) Scheme and Military Superannuation and Benefits Scheme (MSBS) employer and member contributions.		2015–16 PBS Program 1.15: Defence Force Superannuation Benefits, p. 77		Achieved.
Provide quality administration services for DFRB, DFRDB and MSBS nominal interest transactions.		2015–16 PBS Program 1.16: Defence Force Superannuation Nominal Interest, p. 78		Achieved.
Members respond to and take up the Defence Home Ownership Assistance scheme.		2015–16 PBS Program 1.17: Housing Assistance, p. 80		Achieved.
Ensure that interest rates provided to Australian Defence Force members by the panel of home loan providers are competitive with other interest rates in the market.		2015–16 PBS Program 1.17: Housing Assistance, p. 80		Achieved.

Purpose 9—Mature enterprise governance and decision making

(Outcomes 1, 2 and 3)

The One Defence business model recommended by the First Principles Review is based on strong alignment between strategy, funding and capability. This requires transparency in decision making so that any resource trade-offs are resolved explicitly. Effective corporate planning and performance monitoring are vital to ensure that the direction set by Government and the Defence Committee is effectively cascaded through the organisation and leaders are held to account for their performance. In line with the *Public Governance, Performance and Accountability Act 2013*, Defence is improving the way it plans, prioritises and manages resources to achieve Government-directed outcomes.

Analysis of performance against Purpose 9

Defence has progressed a significant amount of work to improve enterprise governance, planning, performance management and accountability.

During the reporting period, three senior committees were established (the Defence Committee, the Enterprise Business Committee and the Investment Committee) and an enterprise performance management framework and an enterprise risk management policy were developed and endorsed for implementation, which will occur throughout 2016–17. This work ensures Defence is compliant with the *Public Governance, Performance and Accountability Act 2013*.

Performance information against the performance criteria related to Purpose 9 is available in tables 3.16 and 3.17.

Table 3.16: Performance results for criteria relating to Purpose 9

Performance in achieving the purpose		
Performance criterion	Source	Results
<i>Defence complies with the Public Governance, Performance and Accountability Act 2013 and related legislation.</i>	<i>2015–16 Defence Corporate Plan, p. 11</i>	The <i>2015–16 Defence Corporate Plan</i> was delivered in accordance with <i>Public Governance, Performance and Accountability Act 2013</i> requirements. An enterprise performance management framework designed to support the operation of the One Defence business model was endorsed by the Defence Committee in May 2015.
<i>Managers use data to understand risk, inform planning and to support reporting of actual performance against planned objectives.</i>	<i>2015–16 Defence Corporate Plan, p. 11</i>	In 2015–16, more than 40 per cent of the Defence Senior Leadership Group either attended, or nominated to attend, an enterprise risk management workshop designed to enhance the ability of attendees to use risk-based information in decision making.
<i>Internal reporting documents provide senior leaders with an evidence-based view of organisational performance.</i>	<i>2015–16 Defence Corporate Plan, p. 11</i>	Three internal, classified Defence performance reports provided the Senior Leadership Group with information about Defence's progress in achieving the intended results in the internal Defence business plan and, through this, the Defence corporate plan.

Table 3.17: Performance results for criteria relating to delivering the outcomes of Purpose 9

Performance in delivering the outcomes		
Performance criterion	Criterion source	Results
<i>Advice is readily sourced and made available to the offices of the Chief of the Defence Force and the Vice Chief of the Defence Force to support strategic decision making.</i>	<i>2015–16 PBS Program 1.7: Vice Chief of the Defence Force, p. 55</i>	Achieved.
<i>Timely and accurate advice on strategic communications.</i>	<i>2015–16 PBS Program 1.7: Vice Chief of the Defence Force, p. 55</i>	Achieved.
<i>Group-specific outcomes and programs are delivered on time and within agreed resources.</i>	<i>2015–16 PBS Program 1.7: Vice Chief of the Defence Force, p. 55</i>	Achieved.
<i>Defence meets its non-financial performance management and risk management obligations under the Public Governance, Performance and Accountability Act 2013.</i>	<i>2015–16 PBS Program 1.8: Chief Operating Officer – Defence Executive Support, p. 58</i>	Achieved.
<i>The Defence internal audit work program is provided to address high-level strategic risks that are linked to the enterprise risk management framework.</i>	<i>2015–16 PBS Program 1.8: Chief Operating Officer – Defence Executive Support, p. 58</i>	Achieved.
<i>The Defence fraud and anti-corruption plans are to prevent and detect fraud and corruption through the promotion of ethical behaviours across Defence, and the public interest disclosures are managed in accordance with the Public Interest Disclosure Act 2013.</i>	<i>2015–16 PBS Program 1.8: Chief Operating Officer – Defence Executive Support, p. 58</i>	Achieved.
<i>Defence meets its legislative and regulatory obligations.</i>	<i>2015–16 PBS Program 1.8: Chief Operating Officer – Defence Executive Support, p. 58</i>	Achieved.
<i>Defence legal support, including specialist legal advice, is provided to Defence Ministers, the Secretary, the Chief of the Defence Force and the Government in support of effective decision making and policy engagement.</i>	<i>2015–16 PBS Program 1.8: Chief Operating Officer – Defence Executive Support, p. 58</i>	Achieved.
<i>Australian Defence Force operational capability is supported, including through the deployment of Australian Defence Force lawyers to provide access to relevant and timely legal support.</i>	<i>2015–16 PBS Program 1.8: Chief Operating Officer – Defence Executive Support, p. 58</i>	Achieved.
<i>Provide timely and high-quality financial advice to the Minister, the Secretary and Chief of the Defence Force.</i>	<i>2015–16 PBS Program 1.14: Chief Finance Officer, p. 75</i>	Achieved.
<i>Produce Defence's budget, financial statements and the annual Defence management and finance plan within agreed statutory timeframes.</i>	<i>2015–16 PBS Program 1.14: Chief Finance Officer, p. 75</i>	Achieved.
<i>Maintain unqualified financial statements.</i>	<i>2015–16 PBS Program 1.14: Chief Finance Officer, p. 75</i>	Achieved.
<i>Accurate accounting and reporting of 'Other Administered'.</i> <i>(‘Other Administered’ comprises interest on overdue accounts, interest on operational bank accounts, interest on loans to build accommodation, dividends and tax equalisation receipts from the Defence Housing Authority and royalty receipts.)</i>	<i>2015–16 PBS Program 1.18: Other Administered, p. 81</i>	Achieved.

Purpose 10—Implement First Principles Review and 2016 Defence White Paper

(Outcomes 1, 2 and 3)

The First Principles Review, *Creating One Defence*, found that Defence's existing organisational model and processes were complicated, slow and inefficient. Through implementation of the recommendations of the review, Defence is making changes to accountabilities, structures, systems and processes. This will ultimately change behavioural mindsets, with leaders focusing on what is best for Defence overall to ensure that the organisation can deliver Government policy requirements set out in the 2016 Defence White Paper.

Analysis of performance against Purpose 10

The release of the 2016 Defence White Paper provided clear policy direction from the Government. It provides a comprehensive and responsible long-term plan to ensure Australia's national security and requires Defence to take a more proactive approach to engaging with regional and global partners to contribute to the stability of our region and to the maintenance of a stable, rules-based global order.

It included a fully costed, 10-year Integrated Investment Program that brought together all capability-related investment including new weapons, platforms, infrastructure and science and technology to ensure Defence is able to achieve its mission of defending Australia and its national interests both now and into the future.

The First Principles Review required Defence to establish a stronger strategic centre to strengthen accountability and top-level decision making. In 2015–16, important work occurred that focused Defence's strategic centre on setting direction, providing the best possible advice to the Government and monitoring the organisation's performance in achieving Government-directed outcomes.

The first year of First Principles Review implementation saw significant transformation in how Defence undertakes capability management. The disbandment of the Defence Materiel Organisation and the standing up of the Capability Acquisition and Sustainment Group as an integral part of Defence occurred on 1 July 2015. A new, more streamlined end-to-end capability development process was developed. Defence commenced transition to the new capability lifecycle in April 2016, with the Capability Development Group disbanded and its functions moved to other parts of Defence, and the Investment Committee took responsibility for all Defence investment decisions, including estate and infrastructure, information and communications technology, and major capability acquisitions.

Significant work undertaken in 2015–16 to drive cultural change, particularly around strengthening accountability and leadership behaviours, included:

- delivery of an updated ministerial directive that clearly describes the individual and shared accountabilities of the Secretary and the Chief of the Defence Force
- reinforcing personal accountability through the introduction of a role charter for each member of the Senior Leadership Group
- significant changes to the Defence senior committees providing greater clarity for decision making.

The aim of this organisational transformation was to position Defence to deliver on Government policy direction as outlined in the 2016 Defence White Paper.

Performance information against the performance criteria related to Purpose 10 is available in tables 3.18 and 3.19.

Table 3.18: Performance results for criteria relating to Purpose 10

Performance in achieving the purpose		
Performance criterion	Source	Results
<i>Defence's implementation of the First Principles Review recommendations delivers the intent of the review within the two-year timeframe.</i>	<i>2015–16 Defence Corporate Plan, p. 13</i>	The first year of First Principles Review implementation provided a solid foundation for the broader change to come in 2016–17, with 36 of the 75 recommendations now completed.
<i>The 2016 Defence White Paper implementation plan is delivered.</i>	<i>2015–16 Defence Corporate Plan, p. 13</i>	The 2016 Defence White Paper implementation strategy was delivered and endorsed, with implementation underway. The Defence Committee is leading the coordination of strategy, capability and resources across Defence. Implementation will continue in 2016–17 and beyond.

Table 3.19: Performance results for criteria relating to delivering the outcomes of Purpose 10

Performance in delivering the outcomes		
Performance criterion	Criterion source	Results
<i>Group-specific reform and savings have been achieved.</i>	<i>2015–16 PBS Program 1.7: Vice Chief of the Defence Force, p. 55</i>	Partially achieved. Some forecast savings associated with Defence logistics reforms are now expected in 2017–18 due to delays in implementing a new and more efficient warehouse management system.
<i>Business outcomes are improved as part of broader Defence reform.</i>	<i>2015–16 PBS Program 1.8: Chief Operating Officer – Defence Executive Support, p. 58</i>	Achieved.

Defence Cooperation Program

The Defence Cooperation Program has made a significant contribution to Australia's international defence engagement since the 1960s. The program:

- promotes the capacity of our international partners
- improves Australia's capacity to work with partners in response to common security challenges
- builds strong people-to-people links with regional security partners at the tactical, operational and strategic levels.

The Defence Cooperation Program supports Australia's strategic interests and its defence relationships with Papua New Guinea (PNG), Indonesia, Timor-Leste, the South-West Pacific, South-East Asia, Pakistan and the Middle East. The objective is to maximise Australia's security through developing close and enduring links with partners that support their capacity to protect their sovereignty, work effectively with the Australian Defence Force and contribute to regional security.

A key element of the Defence Cooperation Program, and the centrepiece of Australia's defence engagement in the South Pacific, is the Pacific Patrol Boat Program, and the follow-on Pacific Maritime Security Program, to construct up to 21 replacement patrol vessels in Australia for gifting to Pacific nations from 2018.

Other program highlights in 2015–16 include the following:

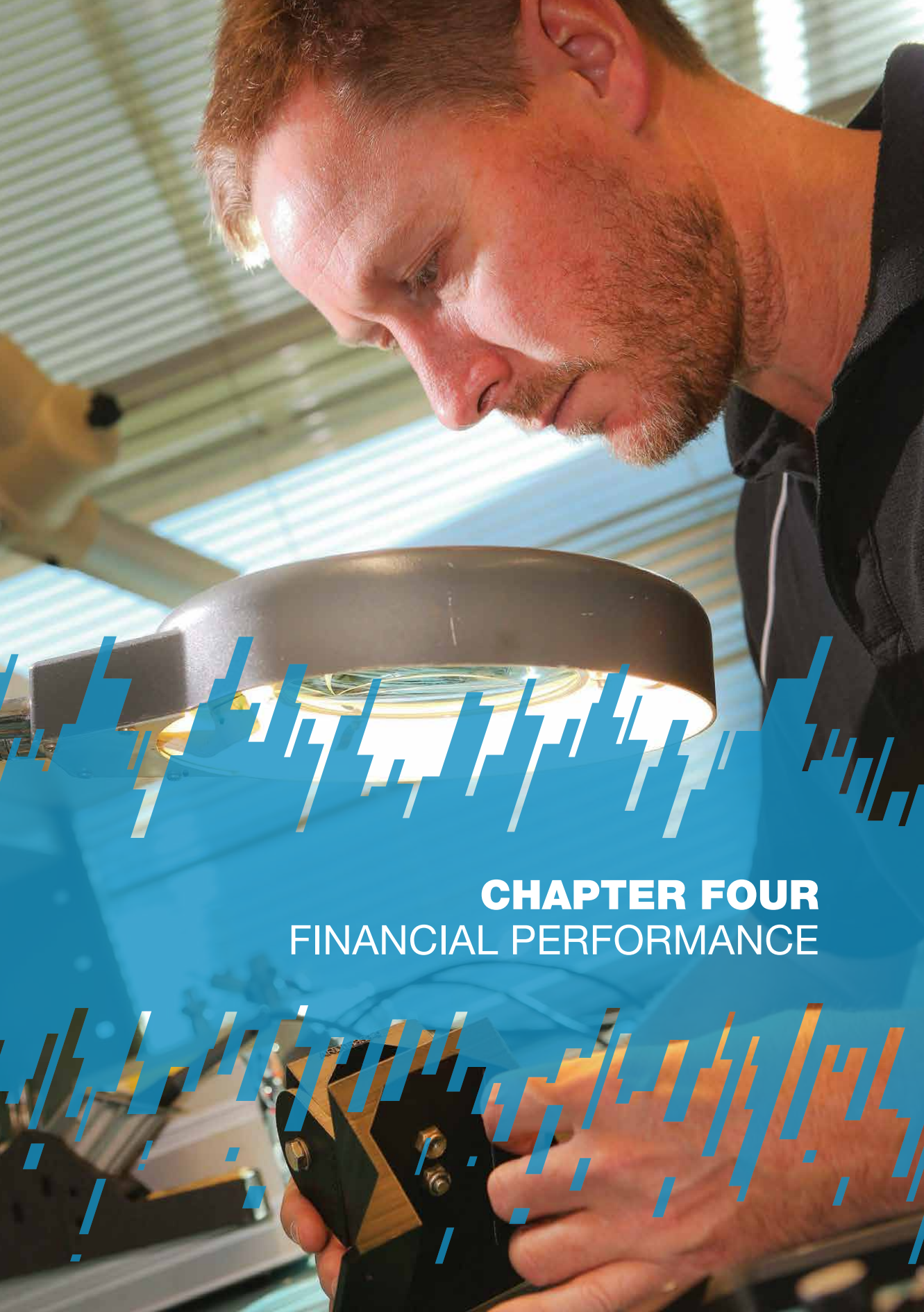
- The Timor-Leste Defence Cooperation Program exercise Hari'i Hamutuk was held off Hera in November 2015 and continued to grow as a multilateral engagement activity.
- The PNG Defence Cooperation Program includes a commitment to enhance the ability of the PNG Department of Defence through a three-year partnership plan and the extension of two contracted helicopters to support the PNG Defence Force.
- The Philippines Navy was gifted two refurbished ex-Royal Australian Navy landing craft-heavy, and purchased three additional craft.
- Australia actively participated in the Association of Southeast Asian Nations (ASEAN) Defence Ministers' Meeting-Plus framework, co-chairing a working group with Singapore on counter-terrorism that culminated in a successful multilateral maritime counter-terrorism exercise conducted in Brunei and Singapore in May 2016.
- Australia contributed to the success of one of the largest regional multinational peacekeeping training forums, Pirap Jabiru, held in Thailand in May 2016.



As a part of the Defence Cooperation Program, nine members from the Vietnamese People's Navy visited HMAS Stirling from 26 February to 5 March 2016.



Syndicate group work during the peacekeeping exercise Pirap Jabiru, held in Thailand in May 2016.

A man with a beard and short brown hair is shown in profile, looking down through a magnifying glass. He is wearing a dark blue long-sleeved shirt. The background is a workshop with a corrugated metal ceiling and a bright light source. A blue and white abstract graphic, resembling a stylized bar chart or data visualization, is overlaid on the image. The text "CHAPTER FOUR" and "FINANCIAL PERFORMANCE" is written in white capital letters on a blue background.

CHAPTER FOUR

FINANCIAL PERFORMANCE

Summary

As at 30 June 2016, the Defence departmental net cash spend was \$31.5 billion. This was an underspend of \$356 million when compared to the revised estimate in the Defence Portfolio Budget Statements 2016–17, primarily as a result of an underspend of \$326 million in no-win/no-loss operations funding and foreign exchange movements.

In 2015–16, Defence was required to record its military equipment at fair value for the first time. This complex undertaking was led by the Chief Finance Officer Group and required contributions from military personnel to ensure that the valuation methodology was fit for purpose, complied with accounting standards and could be agreed with the Department of Finance and the Australian National Audit Office. The valuation was completed within the required timeframe for inclusion in the financial statements in Volume Two.

Resource statement

Table 4.1: Defence resource statement, 2015–16

	Actual available appropriation for 2015–16 \$'000	Payments made 2015–16 \$'000	Balance remaining 2015–16 \$'000
Ordinary annual services			
Outcome 1	28,300,010	28,123,995	176,015
Outcome 2	863,834	727,655	136,179
Outcome 3	48,701	31,250	17,451
Total departmental outputs	29,212,545	28,882,900	329,645
Total ordinary annual services	29,212,545	28,882,900	329,645
Other services			
Departmental non-operating			
Equity injection	2,535,548	2,535,548	-
Total departmental non-operating	2,535,548	2,535,548	-
Total other services	2,535,548	2,535,548	-
Total available annual appropriation	31,748,093	31,418,448	329,645
Special appropriations			
Special appropriations limited by criteria/entitlement			
<i>Defence Forces Retirement Benefits Act 1948, Part 1, s. 15D and VIC, s. 82ZJ</i>	19,021	19,000	21
<i>Defence Force Retirement and Death Benefits Act 1973, Part XII, s. 125</i>	1,697,896	1,696,922	974
<i>Military Superannuation and Benefits Act 1991, Part V, s. 17</i>	4,337,115	5,034,493	(697,378)
<i>Defence Force (Home Loans Assistance) Act 1990, Part IV, s. 38</i>	917	828	89
<i>Defence Home Ownership Assistance Scheme Act 2008, Part VI, s. 84</i>	102,339	103,741	(1,402)
Other administered	-	72	(72)
Total special appropriations	6,157,288	6,855,056	(697,768)
Total appropriations	37,905,381	38,273,504	(368,123)
Funding from other sources	2,209,913	2,518,002	(308,089)
Returns to the Official Public Account (net)	(1,463,796)	(1,759,156)	295,360
Previous years' outputs (appropriation receivable)	10,166	687,345	(677,179)
Cash available	11,530	47,597	(36,067)
Total other available resources	767,813	1,493,788	(725,975)
Total resourcing	38,673,194	39,767,292	(1,094,098)
Special accounts			
Opening balance	66,417	66,417	-
Appropriation receipts	-	-	-
Appropriation receipts—other agencies	-	-	-
Non-appropriation receipts to special accounts	34,989	39,259	(4,270)
Total special accounts	101,406	105,676	(4,270)

Expenses by outcomes

Table 4.2: Total cost of Defence outcomes and programs on an accrual basis, 2015–16

	2015–16 budget estimate ¹ \$'000	2015–16 revised estimate ² \$'000	2015–16 actual result \$'000	Variation \$'000	%
Outcome 1: The protection and advancement of Australia's national interests through the provision of military capabilities and the promotion of security and stability					
Departmental net cost of service	28,063,724	28,255,328	27,947,601	(307,727)	(1)
Administered net cost of service	3,756,049	4,531,035	5,207,684	676,649	15
Net cost of service for Outcome 1	31,819,773	32,786,363	33,155,285	368,922	1
Outcome 2: The advancement of Australia's strategic interests through the conduct of military operations and other tasks as directed by Government					
Net cost of service for Outcome 2	863,807	863,834	727,353	(136,481)	(16)
Outcome 3: Support for the Australian community and civilian authorities as requested by Government					
Net cost of service for Outcome 3	48,705	48,701	31,825	(16,876)	(35)
Net cost of service for Defence outcomes					
Departmental net cost of service	28,976,236	29,167,863	28,706,779	(461,084)	(2)
Administered net cost of service	3,756,049	4,531,035	5,207,684	676,649	15
Total cost of Defence outcomes	32,732,285	33,698,898	33,914,463	215,565	1

Notes

1. As published in the Portfolio Budget Statements 2015–16.
2. As published in the Portfolio Budget Statements 2016–17.

Table 4.3: Overall cost to government of Defence outcomes (departmental and administered), 2015–16

	Outcome 1 \$'000	Outcome 2 \$'000	Outcome 3 \$'000	Total \$'000
Departmental				
Expenses				
Employees	11,540,683	104,394	10,895	11,655,972
Suppliers	11,642,829	527,771	20,930	12,191,530
Grants	21,573	107,052	-	128,625
Depreciation and amortisation	4,511,504	-	-	4,511,504
Finance cost	114,908	-	-	114,908
Write-down of assets and impairment of assets	696,765	-	-	696,765
Foreign exchange losses	18,624	-	-	18,624
Net losses from sale of assets	657	-	-	657
Other expenses	244,911	6	-	244,917
Total expenses	28,792,454	739,223	31,825	29,563,502
Income				
Revenue				
Goods and services	435,547	11,870	-	447,417
Other revenue	80,586	-	-	80,586
Total revenue	516,133	11,870	-	528,003
Gains				
Reversals of previous asset write-downs	258,502	-	-	258,502
Net gains from sale of assets	-	-	-	-
Other gains	70,218	-	-	70,218
Total gains	328,720	-	-	328,720
Total income	844,853	11,870	-	856,723
Net cost of departmental outcomes	27,947,601	727,353	31,825	28,706,779
Administered				
Expenses	6,855,056	-	-	6,855,056
Revenue	1,647,372	-	-	1,647,372
Net cost of administered outcomes	5,207,684	-	-	5,207,684
Total departmental and administered outcomes	33,155,285	727,353	31,825	33,914,463

Table 4.4: Total cost of Defence Outcome 1

	2015–16 budget estimate ¹ \$'000	2015–16 revised estimate ² \$'000	2015–16 actual result ³ \$'000	Variation \$'000	%
Program 1.1 Strategy⁴					
Revenues from other sources	434	443	4,824	4,381	989
Departmental outputs	175,385	232,946	218,995	(13,951)	(6)
Program 1.2 Navy Capabilities⁴					
Revenues from other sources	125,611	92,805	86,121	(6,684)	(7)
Departmental outputs	5,208,839	5,494,370	5,030,213	(464,157)	(8)
Program 1.3 Army Capabilities⁴					
Revenues from other sources	111,768	41,588	34,696	(6,892)	(17)
Departmental outputs	6,774,894	7,186,684	6,664,411	(522,273)	(7)
Program 1.4 Air Force Capabilities⁴					
Revenues from other sources	190,900	78,975	76,917	(2,058)	(3)
Departmental outputs	5,505,105	5,713,283	5,211,038	(502,245)	(9)
Program 1.5 Joint Operations Command					
Revenues from other sources	-	-	142	142	-
Departmental outputs	50,452	48,722	55,933	7,211	15
Program 1.6 Intelligence Capabilities					
Revenues from other sources	12,073	1,571	7,074	5,503	350
Departmental outputs	641,560	535,771	609,764	73,993	14
Program 1.7 Vice Chief of the Defence Force⁴					
Revenues from other sources	348,585	208,437	189,161	(19,276)	(9)
Departmental outputs	1,197,436	1,308,641	1,570,958	262,317	20
Program 1.8 Capability Acquisition and Sustainment					
Revenues from other sources	-	917	1,618	701	76
Departmental outputs	-	591,183	573,174	(18,009)	(3)
Program 1.9 Defence Executive Support					
Revenues from other sources	116	9,692	16,412	6,720	69
Departmental outputs	119,050	200,319	209,366	9,047	5
Program 1.10 Estate and Infrastructure⁵					
Revenues from other sources	371,810	340,172	358,955	18,783	6
Departmental outputs	3,955,552	4,239,401	4,432,847	193,446	5
Program 1.11 Chief Information Officer					
Revenues from other sources	1,983	4,282	10,267	5,985	140
Departmental outputs	1,147,300	1,059,046	1,405,667	346,621	33
Program 1.12 Defence People					
Revenues from other sources	-	-	311	311	-
Departmental outputs	446,297	500,836	488,239	(12,597)	(3)
Program 1.13 Defence Science and Technology					
Revenues from other sources	32,744	3,557	2,352	(1,205)	(34)
Departmental outputs	431,649	464,340	503,483	39,143	8
Program 1.14 Capability Development⁴					
Revenues from other sources	21,938	-	35,974	35,974	-
Departmental outputs	1,433,761	399,933	789,766	389,833	97
Program 1.15 Chief Finance Officer					
Revenues from other sources	6,059	4,700	20,030	15,330	326
Departmental outputs	976,444	279,853	183,746	(96,107)	(34)

	2015–16 budget estimate ¹ \$'000	2015–16 revised estimate ² \$'000	2015–16 actual result ³ \$'000	Variation \$'000	%
Program 1.16 Defence Force Superannuation Benefits					
<i>Defence Forces Retirement Benefits Act 1948, Part 1, s. 15D and VIC, s. 82ZJ(1)</i>	-	-	-	-	-
<i>Defence Force Retirements and Death Benefits Act 1973, Part XII, s. 125(3)</i>	99,981	152,113	152,922	809	1
<i>Military Superannuation and Benefits Act 1991, Part V, s. 17</i>	1,453,170	2,408,097	3,095,493	687,396	29
Total administered expenses	1,553,151	2,560,210	3,248,415	688,205	27
Administered revenue from other sources	1,347,113	1,470,576	1,522,810	52,234	4
Total Program 1.16	206,038	1,089,634	1,725,605	635,971	58
Program 1.17 Defence Force Superannuation Nominal Interest					
<i>Defence Forces Retirement Benefits Act 1948, Part 1, s. 15D and VIC, s. 82ZJ(1)</i>	25,542	19,021	19,000	(21)	-
<i>Defence Force Retirements and Death Benefits Act 1973, Part XII, s. 125(3)</i>	1,772,645	1,545,783	1,544,000	(1,783)	-
<i>Military Superannuation and Benefits Act 1991, Part V, s. 17</i>	1,759,277	1,929,018	1,939,000	9,982	1
Total administered expenses	3,557,464	3,493,822	3,502,000	8,178	-
Administered revenue from other sources	-	-	-	-	-
Total Program 1.17	3,557,464	3,493,822	3,502,000	8,178	-
Program 1.18 Housing Assistance					
<i>Defence Force (Home Loan Assistance) Act 1990, Part IV, s. 38</i>	1,116	917	828	(89)	(10)
<i>Defence Home Ownership Assistance Scheme Act 2008, Part VI, s. 84</i>	118,661	102,339	103,741	1,402	1
Total administered expenses	119,777	103,256	104,569	1,313	1
Administered revenue from other sources	14,416	13,871	15,094	1,223	9
Total Program 1.18	105,361	89,385	89,475	90	-
Program 1.19 Other Administered					
Expenses	-	-	72	72	-
Administered revenue from other sources	112,814	141,806	109,468	(32,338)	(23)
Total Program 1.19	(112,814)	(141,806)	(109,396)	32,410	(23)
Total resourcing					
Total departmental outputs	28,063,724	28,255,328	27,947,600	(307,728)	(1)
Total administered	3,756,049	4,531,035	5,207,684	676,649	15
Total departmental revenue from other sources	1,224,021	787,139	844,854	57,715	7
Total administered revenue from other sources	1,474,343	1,626,253	1,647,372	21,119	1
Equity injection	2,875,209	2,535,548	2,535,548	-	-
Total resources for Outcome 1	37,393,346	37,735,303	38,183,058	447,755	1

Notes

1. As published in the Portfolio Budget Statements 2015–16, table 12.
2. As published in the Portfolio Budget Statements 2016–17, table 12.
3. At the program level, departmental revenues from other sources include minor reclassifications from expenses.
4. Program 1.14 Capability Development was disbanded on 1 April 2016, with relevant functions transferred to the following programs: 1.1 Strategy, 1.2 Navy Capabilities, 1.3 Army Capabilities, 1.4 Air Force Capabilities, and 1.7 Vice Chief of the Defence Force.
5. On 1 July 2015, Program 1.9 Chief Operating Officer–Defence Support and Reform was renamed as Program 1.10 Estate and Infrastructure.

Table 4.5: Total cost of Defence Outcome 2¹

	2015–16 budget estimate ² \$'000	2015–16 revised estimate ³ \$'000	2015–16 actual result \$'000	Variation \$'000	%
Program 2.1 Operations Contributing to the Security of the Immediate Neighbourhood					
Revenue from other sources	-	-	30	30	-
Departmental outputs	74	97	6,071	5,974	6,159
Program 2.2 Operations Supporting Wider Interests					
Revenue from other sources	15,192	15,190	11,840	(3,350)	(22)
Departmental outputs	863,733	863,737	721,282	(142,455)	(16)
Total resourcing					
Total departmental outputs	863,807	863,834	727,353	(136,481)	(16)
Total departmental revenue from other sources	15,192	15,190	11,870	(3,320)	(22)
Total resources for Outcome 2	878,999	879,024	739,223	(139,801)	(16)

Notes

1. This table excludes capital payments for outcomes.
2. As published in the Portfolio Budget Statements 2015–16, table 38.
3. As published in the Portfolio Budget Statements 2016–17, table 38.

Table 4.6: Total cost of Defence Outcome 3¹

	2015–16 budget estimate ² \$'000	2015–16 revised estimate ³ \$'000	2015–16 actual result \$'000	Variation \$'000	%
Program 3.1 Defence Contribution to National Support Tasks in Australia					
Revenue from other sources	-	-	-	-	-
Departmental outputs	48,705	48,701	31,825	(16,876)	(35)
Total resourcing					
Total departmental outputs	48,705	48,701	31,825	(16,876)	(35)
Total departmental revenue from other sources	-	-	-	-	-
Total resources for Outcome 3	48,705	48,701	31,825	(16,876)	(35)

Notes

1. This table excludes capital payments for outcomes.
2. As published in the Portfolio Budget Statements 2015–16, table 41.
3. As published in the Portfolio Budget Statements 2016–17, table 41.

Cost of operations

Table 4.7: **Net additional cost of operations, 1999–2000 to 2019–20**

	1999–2000 to 2014–15 actual result \$m	2015–16 actual result \$m	2016–17 budget estimate \$m	2017–18 forward estimate \$m	2018–19 forward estimate \$m	2019–20 forward estimate \$m	Total \$m
Operation Astute	4,312.0	-	-	-	-	-	4,312.0
Operation Bel Isi	47.7	-	-	-	-	-	47.7
Operation Slipper	7,177.3	25.3	103.9	-	-	-	7,306.5
Operation Manitou	39.4	33.6	40.2	11.5	11.9	-	136.6
Operation Accordion	123.5	166.4	179.4	3.3	3.2	-	475.8
Operation Highroad	40.5	203.2	59.0	7.8	11.2	-	321.7
Operation Resolute ¹	220.0	31.1	22.5	2.8	-	-	276.4
Operation Catalyst	2,364.5	-	-	-	-	-	2,364.5
Operation Okra	159.4	286.6	353.0	23.6	13.9	-	836.5
Operation Anode	355.2	-	-	-	-	-	355.2
Operation Sumatra Assist	44.5	-	-	-	-	-	44.5
Operation Acolyte	10.5	-	-	-	-	-	10.5
Operation Deluge	6.7	-	-	-	-	-	6.7
Operation Pakistan Assist	9.8	-	-	-	-	-	9.8
Operation Outreach	14.6	-	-	-	-	-	14.6
Operation Kruger	45.3	-	-	-	-	-	45.3
Operation Southern Indian Ocean	11.9	-	-	-	-	-	11.9
Enhanced Force Protection in Afghanistan	540.0	-	-	-	-	-	540.0
Defence support to 2014 G20 Summit	3.6	-	-	-	-	-	3.6
Total net additional costs	15,526.5	746.2	757.9	49.0	40.2	-	17,119.9
Sources of funding for operations							
Government supplementation	13,891.0	746.2	757.9	49.0	40.2	-	15,484.3
Department of Foreign Affairs and Trade	9.1	-	-	-	-	-	9.1
Department of Defence (absorbed)	1,626.4	-	-	-	-	-	1,626.4
Total cost	15,526.5	746.2	757.9	49.0	40.2	-	17,119.8

Note

1. Includes funding for expanded activities under Operation Sovereign Borders.

Table 4.8: Net additional cost of operations, 2015–16

	2015–16 budget estimate ¹ \$m	2015–16 estimated actual ² \$m	2015–16 actual result \$m	Variation \$m
Operation Astute	-	-	-	-
Operation Slipper ³	121.9	121.9	25.3	-96.6
Operation Manitou	43.2	43.2	33.6	-9.6
Operation Accordion	191.0	191.0	166.4	-24.6
Operation Highroad	115.1	115.1	203.2	88.1
Operation Resolute ⁴	48.7	48.7	31.1	-17.6
Operation Okra	390.8	390.8	286.6	-104.2
Operation Anode	-	-	-	-
Operation Southern Indian Ocean	-	-	-	-
Enhanced Force Protection in Afghanistan ³	-	-	-	-
Defence support to 2014 G20 Summit	-	-	-	-
Total net additional costs	910.7	910.7	746.2	-164.5

Notes

1. As published in the Portfolio Budget Statements 2015–16, table 4.
2. As published in the Portfolio Budget Statements 2016–17, table 4.
3. Government supplementation for the Force Protection Review is included under Operation Slipper (Outcome 2) and Enhanced Force Protection in Afghanistan (Outcome 1).
4. Includes funding for expanded activities under Operation Sovereign Borders.



Operation Fiji Assist— first test of new Defence capabilities

The Category 5 storm that struck Fiji on 20 February 2016, flattened communities and killed more than 40 people was Fiji's worst recorded cyclone.

In the wake of Tropical Cyclone Winston, the international community responded to a request from the Fijian Government for humanitarian assistance and disaster relief.

The Fijian National Disaster Management Office led and coordinated the relief response, closely supported by the Republic of Fiji Military Forces. Defence provided support to Australia's whole-of-government contribution in the form of Operation Fiji Assist 2016.

In a timely and well-planned response, Defence established a joint taskforce to coordinate the shipment of humanitarian and disaster relief stores by sea and air to Fiji and to synchronise efforts on the ground with the Republic of Fiji Military Forces.

Central to Australia's efforts was the amphibious assault ship HMAS *Canberra*, which deployed to Fiji on 1 March on its first operational deployment since being commissioned in November 2014.

Canberra arrived off the coast of Fiji's capital, Suva, to take on board additional Australian aid supplies already delivered by the Royal Australian Air Force. It brought with it 60 tonnes of emergency relief supplies, three MRH-90 helicopters and around 760 Australian Defence Force personnel comprising engineers, carpenters, electricians and plumbers.

The Air Force conducted more than 40 C-17A Globemaster and C-130J Hercules sorties between Australia and Fiji, while the Army's 16th Aviation Brigade successfully completed its first operational deployment of the new MRH-90 helicopter.



Personnel from the Republic of Fiji Military Forces and Fiji Police Force prepare Australian aid stores to be distributed as a part of Operation Fiji Assist.



Australian Army medical officer Captain Joshua Stephenson speaking to Nanukuloa Health Centre Medical Officer, Ms Emelie Bolakoro, during a damage assessment conducted as part of Operation Fiji Assist.

Defence's contribution highlighted Australia's ability to help in ways not possible only two years ago. New amphibious ships, coupled with an existing strategic airlift capability, mean Defence can now deliver aid supplies, personnel and equipment more efficiently and effectively across the region.

During a visit to HMAS *Canberra* with the Chief of the Defence Force, Air Chief Marshal Mark Binskin, Fijian Prime Minister Frank Bainimarama thanked the Australian Government and its people for their efforts and especially the Australian Navy, Air Force and Army for assisting Fiji in what was a trying time.

KEY ACCOMPLISHMENTS

- At its peak, approximately 1,000 Defence personnel deployed on Operation Fiji Assist
- More than 114 tonnes of humanitarian assistance and disaster relief moved ashore by landing craft from HMAS *Canberra*
- More than 140 tonnes of aid, including food, shelter kits, tents, construction materials and humanitarian supplies, lifted ashore by helicopter from HMAS *Canberra*
- Emergency repairs to nine schools, three medical centres, five community centres and four churches
- Approximately 340 assessments of infrastructure conducted by Australian Army engineers with Fijian civilian and military experts



Australian Army soldier Sapper Justin Letta and Republic of Fiji Military Forces Corporal George Tolotu remove debris as a part of Operation Fiji Assist on Koro Island.



CHAPTER FIVE CORPORATE GOVERNANCE

Senior management committees and their roles

The Defence Committee, chaired by the Secretary, Mr Dennis Richardson AO, is the primary decision-making committee in Defence. The Defence Committee is supported by the **Enterprise Business Committee** and the **Investment Committee**. The Enterprise Business Committee, chaired by the Associate Secretary, Mr Brendan Sargeant, is responsible for monitoring the in-year performance of Defence, while the Investment Committee, chaired by the Vice Chief of the Defence Force, Vice Admiral Ray Griggs AO CSC RAN, is responsible for future investments and maintaining the integrity of the 2016 Integrated Investment Program.

The Defence Audit and Risk Committee, chaired by external member Mr Paul Rizzo, provides robust, independent advice to the Secretary and the Chief of the Defence Force on all aspects of governance and risk management within Defence.

A range of other senior committees focus on specific functions or issues. In accordance with the First Principles Review, the number of senior committees was reviewed, resulting in a reduction in the number of committees.

These streamlined governance arrangements are about providing clear direction, understanding the risks to Defence achieving its purposes, monitoring Defence's performance in delivering on government requirements, and increasing the transparency of decision making and reporting in Defence.

Performance and accountability

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) obliges all Commonwealth officials to apply sound governance practices and procedures in their day-to-day work.

Governance in Defence is the set of responsibilities and practices, policies and procedures exercised by the Secretary to provide strategic direction and ensure that objectives are achieved, risks are managed and resources are used responsibly and with accountability.

Good governance comprises both:

- **performance**—how Defence manages its overall performance and the delivery of goods, services or programs
- **compliance**—how Defence ensures it meets the requirements of the law, regulations, published standards and community expectations of probity, accountability and openness.

In Defence, this requirement is managed through the Enterprise Performance Management Framework, which was endorsed by the Defence Committee on 23 May 2016. The framework has a number of key outputs, which are detailed below.

Defence corporate plan

The Defence corporate plan sets out the Defence purposes, as defined by the PGPA Act, and describes the activities to be undertaken and intended results to be delivered to meet Government policy requirements. The plan has a four-year outlook, is updated at least annually and is published in the public domain. The *2015–16 Defence Corporate Plan* was published on 28 August 2015.

Defence Portfolio Budget Statements and Portfolio Additional Estimates Statements

The Defence Portfolio Budget Statements and Portfolio Additional Estimates Statements are the portfolio minister's documents that detail the allocation of public resources to Defence to achieve Government policy priorities. The Portfolio Budget Statements describe the outcomes and programs Defence will deliver over the coming financial year, including how Defence is expected to perform in delivering those outcomes and programs.

Defence business plan

The Defence business plan is the internal enterprise management plan that provides all Defence personnel with guidance about the priority activities and intended results Defence must achieve to meet Government policy direction. The business plan aligns with the One Defence business model and requires different parts of Defence to work together to achieve enterprise outcomes. The business plan assigns accountability for delivering whole-of-Defence outcomes to a single accountable officer. The accountable officer is expected to work with relevant responsible officers to deliver the intended results described in the plan.

Defence performance report

The internal, classified Defence performance report provides the Defence senior committees with an update on Defence's progress towards achieving the intended results in the Defence business plan and other enterprise-level plans. The report also monitors enterprise-level risks and provides Defence's leadership team with the information they need to make risk-informed decisions about Defence's enterprise strategy and focus, including early identification of issues that may require intervention.

Defence annual report, including annual performance statements

The Defence annual report is a principal formal accountability mechanism between Defence and Parliament and is a requirement of the PGPA Act. The annual report provides an important historical record of what return on investment—or value—Defence delivered to Parliament and the Australian community over the reporting period. From 2015–16, Defence is required to include annual performance statements in the Defence annual report, in addition to financial statements. The annual performance statements can be found in Chapter 3—Annual performance statements.

Risk management

Risk management is undertaken in accordance with the Defence risk management framework, which provides:

- transparency of risk management within the business units of Defence
- a structure to draw out accountabilities and responsibilities of shared risk of the business units across the department
- a collective frame that articulates accountabilities and responsibilities for risk shared with Commonwealth, industry and international partners.

Through this framework, Defence addresses risks at three levels:

- **operating risks**—These are risks to Defence achieving efficient and effective operating intent. They are the inward focus of how Defence undertakes the activities outlined in its business plan.
- **enterprise-level risks**—These are events that may limit or compromise Defence's collective ability to meet the obligations and requirements set by the Government. These risks may arise from four 'enterprise vulnerabilities', which are:
 - integration across Defence
 - integration with key external partners
 - compliance with legislation and government policy
 - efficient and effective use of resources.
- **national security risks**—These are risks managed as shared risks with Commonwealth, international and industry partners. Understanding of the national security risk environment informs the risk tolerance for enterprise risks.

Defence senior management exercises high-level risk oversight and assurance. The Defence Audit and Risk Committee provides the Secretary and the Chief of the Defence Force with independent advice on all aspects of Defence governance, including implications arising from Australian National Audit Office audits and Joint Committee of Public Accounts and Audit reports.

Compliance with finance law

During 2015–16, Defence reported 58 instances of significant non-compliance with finance law proven as fraud committed by an official and addressed by Defence authorities through criminal, disciplinary or administrative action. Significant fraud cases are also reported separately to the Minister for Defence in accordance with reporting requirements set out in the Commonwealth Fraud Control Framework. Strategies for minimising instances of fraud are outlined below.

Fraud and ethics

In accordance with the *Commonwealth Fraud Control Framework 2014*, Defence continues to meet its mandatory obligations to prevent, detect, and deal with fraud. Defence has a comprehensive fraud control program established through the Defence Fraud Control Plan No. 11.

Defence uses a range of strategies to manage fraud, including:

- a rigorous and dynamic fraud risk assessment program focusing on enterprise-wide vulnerabilities and risk factors within a diverse operating environment
- a suite of targeted fraud risk presentations for high-risk areas and Defence industry partners
- an intelligence-led and targeted fraud detection program
- investigation of fraud, misconduct and corruption matters and application of appropriate criminal, civil, administrative or disciplinary action
- recovery of proceeds of fraudulent activity.

A key objective for establishing a strong ethical culture is to identify, understand and manage fraud and corruption risks. The Defence Ethics and Fraud Awareness Program continues to be an integral part of Defence's fraud control program. The program comprises the following activities:

- an instructor-led training package and an e-learning course, completed by more than 69,000 personnel in 2015–16
- a biannual *Ethics Matters* newsletter
- an intranet site for information and advice.

According to protocol

During 2015–16, more than 45 foreign VIPs made official visits to Australia. The Directorate of Protocol and Visits is responsible for coordinating these visits by senior foreign military and civilian defence officials who are of two-star rank or above.

The Directorate ensures foreign VIPs who are allocated Guest of Defence status receive appropriate and professional visit management support during their stay in Australia. The Directorate also provides specialist visit advice to non-sponsored Defence visits.

These visits allow Defence to showcase its capabilities to foreign senior defence officials. Areas of interest include all levels of training and operational activities such as humanitarian assistance, disaster relief and counter-terrorism.

All major units were visited by at least one senior foreign defence official throughout the year. Some of the more popular places were Fleet Base East, Headquarters Forces Command, Holsworthy Barracks, the Singleton School of Infantry, Russell Offices, the Australian Defence College, the Defence International Training Centre and the Majura Training Area.

Countries conducting visits during the year included Afghanistan, Cambodia, Canada, Chile, China, France, Germany, India, Indonesia, Iraq, Italy, Japan, New Zealand, Pakistan, Papua New Guinea, the Philippines, the Republic of Korea, Singapore, Turkey, the United Arab Emirates, the United Kingdom, the United States of America, and Vietnam.

If the visit program allows, cultural activities are organised for foreign VIPs. For many VIPs, visiting the Australian War Memorial and laying a wreath during the Last Post ceremony is a highlight.

Another important role performed by the Directorate of Protocol and Visits is the provision of support to the foreign Services Attachés and Advisers Group in Australia. There are currently 70 members of the Services Attachés and Advisers Group from 40 countries accredited to Australia. Support to the group includes coordinating and arranging Defence briefings, visits and tours; processing requests for information; monitoring security clearance and visit advice for visits to Australia by foreign defence officials; drafting correspondence; and issuing invitations.

A highlight for the Services Attachés and Advisers Group was the major Defence tour to northern Queensland. A five-day program allowed time for visits to HMAS Cairns, Norship Marine shipyard and dock in Cairns, RAAF Townsville, and Lavarack Barracks.



General Arturo Merino, Chief of Joint Staffs, Chile, is welcomed by the Chief of the Defence Force, Air Chief Marshal Mark Binskin AC, for a counterpart visit to Russell Offices, Canberra, on 2 May 2016.

Corruption prevention

Addressing corruption risk and integrity are areas of focus for Defence as the department seeks to understand the changing threat and risk, and adapt its strategies accordingly.

Defence is committed to deterring and preventing corruption, and will be implementing an integrated fraud control and anti-corruption plan in early 2017.

Investigations

In 2015–16, there were 246 fraud investigations registered within Defence, with 229 investigations completed during the year (some of those completed were registered in previous years). Approximately 29 per cent of completed investigations resulted in criminal, disciplinary or administrative action. Of these, around 15 per cent related to disciplinary action under the *Defence Force Discipline Act 1982*.

In 2015–16, the determined fraud loss for completed investigations was \$535,766, while monies recovered amounted to \$202,879. Table 5.1 shows detected fraud over the past five financial years, averaging approximately \$870,000 per year within a range of \$480,937 to \$1.4 million.

Table 5.1: **Determined fraud losses and recoveries, 2011–12 to 2015–16**

	2011–12 (\$)	2012–13 (\$)	2013–14 (\$)	2014–15 (\$)	2015–16 (\$)
Loss	1,102,979	835,685	1,400,422 ¹	480,937	535,766
Recovery	493,210	393,902	133,457	161,693	202,879

Note

1. The determined fraud loss for 2013–14 has been adjusted since the last annual report to take into account a case where \$370,000 was incorrectly reported as a fraud loss.

Audit

Audit Branch provides assurance to the Secretary and the Chief of the Defence Force that controls designed to manage Defence's major risks are in place and are operating effectively. Through the provision of audits, reviews and management-directed tasks, a systematic and disciplined approach is adopted to evaluate business performance, as well as ensure that strategic and operational risks are addressed.

During 2015–16, Audit Branch provided internal audit services in accordance with the audit work program, which is developed in consultation with Group Heads and Service Chiefs. The program is endorsed by the Defence Audit and Risk Committee and approved by the Secretary and the Chief of the Defence Force. It is designed to address areas of high-level risk, or activities with potential control deficiencies, that could lead to significant operational or financial loss, exposing Defence to serious reputational damage.

Audit Branch also monitors the status of the implementation of recommendations from Audit Branch and Australian National Audit Office reports, and reports its findings to the Defence Audit and Risk Committee and the Enterprise Business Committee.

Additionally, Audit Branch is the primary point of contact for, and is responsible for the coordination of, Australian National Audit Office performance audits in Defence.

In 2015–16, Audit Branch issued 17 audit reports and completed 13 management-directed tasks. In addition, six Australian National Audit Office performance audits on Defence, and two cross-portfolio audits involving Defence, were completed. Further details are available in Chapter 6—Assurance.

Exercise of the Minister for Defence powers pursuant to Division 1AA of the Customs Act

In accordance with the requirements of section 112BC, within Division 1AA of the *Customs Act 1901*, the Minister for Defence must table a statement on the exercise of the Minister's powers under Division 1AA of the Act for each preceding year.

For the period 1 July 2015 to 30 June 2016, the Minister for Defence did not exercise the powers pursuant to Division 1AA of the Act.

For the period 1 July 2014 to 30 June 2015, the Minister for Defence exercised the powers pursuant to Division 1AA of the Act on one occasion. A statement was not provided to Parliament for this period.

Report of the Inspector-General of the Australian Defence Force

The position of Inspector-General of the Australian Defence Force is established under section 110B of the *Defence Act 1903*. The Inspector-General of the Australian Defence Force provides the Chief of the Defence Force with a mechanism for internal audit and review of the military justice system, independent of the chain of command, and an avenue by which failures in the military justice system may be examined and remedied. Since 1 July 2014, the Inspector-General of the Australian Defence Force has also been responsible for inquiries into service deaths and the internal review of military redress of grievance decisions.

The operating tempo in the Office of the Inspector-General of the Australian Defence Force remained relatively high in 2015–16. Over the reporting period, the office conducted investigations and inquiries into submissions concerning the military justice system, conducted military justice performance audits, reviewed and processed redress of grievance complaints made by military members, and investigated and inquired into service-related deaths.

During the reporting period, the Inspector-General of the Australian Defence Force received 67 inquiry submissions, an increase of approximately 8 per cent on the previous period. In recent years, the trend has been that submissions disclose issues of greater complexity than in previous years, and this continued in 2015–16. The Inspector-General of the Australian Defence Force resolved 58 submissions by way of inquiry, assessment or review in 2015–16.

In addition to these inquiry submissions, the Inspector-General of the Australian Defence Force reviewed 41 Service Police professional standards matters. Of these, 28 became the subject of Inspector-General of the Australian Defence Force investigations and four were referred back to Service Police for further action.

The Inspector-General of the Australian Defence Force conducted 41 ADF military justice unit audits, representing approximately 10 per cent of all auditable Australian Defence Force units. In two of those units, potential material deficiencies were identified. These units will be re-audited within 12 months. In all, approximately 900 recommendations and suggestions to improve military justice arrangements, practices and procedures were made during 2015–16. The overwhelming majority of the recommendations and suggestions related to minor compliance or procedural issues.

During the conduct of military justice unit audits, 2,492 ADF personnel participated in focus group discussions, raising the total number of focus group participants to 29,779 since the pilot program first commenced in 2004. Focus group survey outcomes in 2015–16 indicate a stronger endorsement of, and confidence in, the military justice system and the chain of command to take action to resolve military justice problems. There was evidence to indicate that incremental cultural change under the *Pathway to Change: Evolving Defence Culture* strategy, announced in 2012, continued to occur within the ADF during the reporting period.

Select incident review

Through the Directorate of Select Incident Review, the Inspector-General of the Australian Defence Force conducts reviews of deaths in service, including those occurring on operations. The Inspector-General of the Australian Defence Force may choose to conduct a formal inquiry into a death or any other select incident.

After notification of a death from the Navy, Army or Air Force, the Inspector-General of the Australian Defence Force reviews the circumstances of each death and provides written advice to the Chief of the Defence Force as to whether the death appears to have arisen out of, or in the course of, the member's service. These reviews and any formal inquiry by the Inspector-General of the Australian Defence Force are conducted independently of the chain of command. The reviews examine compliance with Defence policies and procedures and, where appropriate, will make recommendations to the Chief of the Defence Force to improve Defence's policies and procedures.

The Defence (Inquiry) Regulations 1985 oblige the Chief of the Defence Force to appoint a commission of inquiry into the death or suicide of a member of the Australian Defence Force that appears to have arisen out of, or in the course of, the member's service, unless the Minister for Defence specifies in writing that the circumstances do not require it. The *Defence Act 1903* has been amended to provide an express legislative basis to create regulations under which the Inspector-General of the Australian Defence Force can conduct this review function.

In 2015–16, the Inspector-General of the Australian Defence Force initiated 41 reviews of deaths in service of Australian Defence Force members, and established four formal inquiries into Australian Defence Force member deaths.

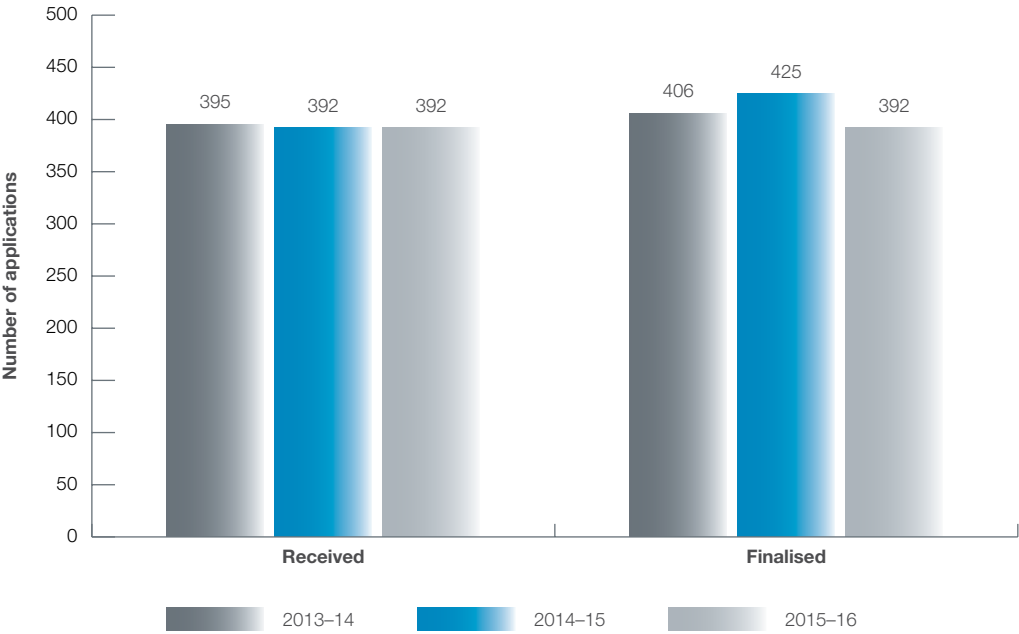
Military redress of grievance

In 2015–16, there were 392 new applications for redress of grievance received, which is equal to the previous year (Figure 5.1). There were also 392 applications that were finalised at unit level, a portion of which had been received during 2015–16, while others were received in previous reporting periods. Of the 392 finalised in 2015–16, 272 (69 per cent) were not granted, withdrawn or not reviewable. The other 120 were granted or partly granted. The primary focus of complaints remains termination of service decisions, career management issues, and conditions of service entitlements.

A proportion of members who are dissatisfied with the decision of their commanding officer refer their complaint to their Service Chief or to the Chief of the Defence Force for further review. Historically, approximately one-third of grievance applicants exercise this entitlement. In 2015–16, there were 89 grievances referred to Service Chiefs and 17 referred to the Chief of the Defence Force. These referred grievances may have initially been submitted at unit level in previous years, and some unit-level grievances received in 2015–16 may be referred to Service Chiefs or the Chief of the Defence Force in future years.

Pursuant to section 110R of the *Defence Act 1903*, the Inspector-General of the Australian Defence Force prepares an annual report on the operations of the Office of the Inspector-General of the Australian Defence Force for the Minister for Defence, for presentation to the Parliament, at the end of each financial year.

Figure 5.1: Redress of grievance applications received and finalised, 2013–14 to 2015–16



Defence scientists reach forward to operations

The Defence Science and Technology Support to Operations program deploys scientists and engineers to Australian Defence Force operations to support command decision making, address immediate operational needs and provide technology advice to joint task force commanders.

During 2015–16, the number of deployed scientists increased from one to four, with the inclusion of a second position at the Joint Task Force 633 headquarters in the United Arab Emirates (Operation Accordion), and individual placements at Combined Maritime Forces Headquarters and Combined Task Force 150, both operating out of Bahrain (Operation Manitou).

In total, 12 scientists deployed during the year to support one of these headquarters. A further four scientists joined short-term 'fly-away teams' to Iraq and Fiji in support of Operation Okra and Operation Fiji Assist, while 40 scientists were on standby to move at short notice across a range of high-readiness capabilities.

In Iraq, deployed scientists, with the support of a 'reach-back' capability in Australia, produced a conflict analysis which highlighted drivers of insider attacks at Taji Military Complex. They also developed effective heat stress management strategies for Air Task Group aircraft and personnel, liaising with staff in Australia to instigate advanced modelling and assessment of cooling technologies.

In Bahrain, scientists assisted with the management and analysis of operational intelligence as well as technology solutions for identifying boats engaged in smuggling activities. In the United Arab Emirates, the scientists conducted a major study of information flows across the Middle East region in order to enhance situation awareness and decision making.

'Deployed scientists also act as the forward presence for Defence Science and Technology Group and are able to generate a number of longer-term operational support requirements to be undertaken back in the laboratories', said Operational Support Centre manager Dr David Matthews.

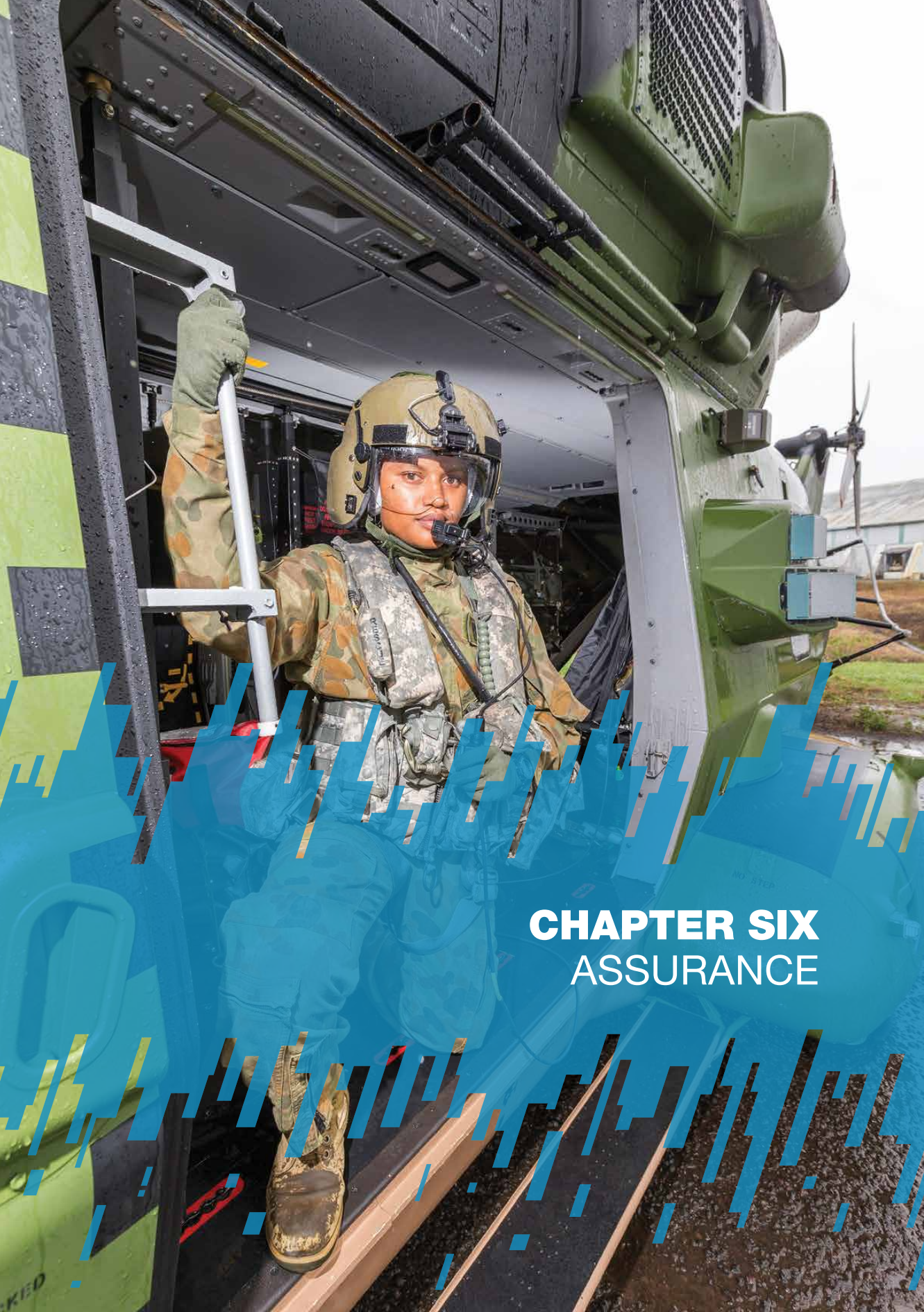
Examples of such work have ranged from threat prediction, detection and neutralisation to protect ADF personnel in Iraq and Afghanistan to the radar cross-section management of naval vessels operating in the

Persian Gulf and extending the limit of the air carriage of the advanced short-range air-to-air missile (ASRAAM), allowing longer flying hours in Iraq.

Fly-away teams are also deployed at short notice. In the wake of Tropical Cyclone Winston, two analysts were sent to conduct an evaluation of the ADF disaster relief operation under Operation Fiji Assist.



L–R: Defence analysts Hans Evertz, Maya Drobnyak and David Matthews with Lieutenant Colonel Jack Gregg.



CHAPTER SIX

ASSURANCE

Parliamentary business

In 2015–16, Defence provided 11 written submissions to various Senate, House of Representatives and joint committee inquiries. Defence witnesses appeared at 36 hearings and provided evidence on a range of issues. Defence took a total of 536 questions on notice from Senate estimates, House of Representatives/Senate notice papers, and parliamentary committees, and tabled and/or contributed to 12 government responses to parliamentary committee reports throughout the year (Table 6.1).

To assist parliamentary committee members to gain a better understanding of Defence issues, Defence also provided private briefings on a range of subjects, including matters related to the 2016 Defence White Paper, national security and capability.

Table 6.1: Defence's parliamentary contribution, 2013–14 to 2015–16

Parliamentary contribution	2013–14	2014–15	2015–16
Written submissions	8	10	11
Whole-of-government submissions	1	–	–
Government responses	8	7	12
Public hearings	12	25	36
Private briefings	25	12	14
Total	54	54	73

Parliamentary committees

Joint committees

Table 6.2 provides information on Defence's activities in relation to its involvement in joint committees from 1 July 2015 to 30 June 2016.

Table 6.2: Defence's involvement with joint committees, 2015–16

Joint Standing Committee on Foreign Affairs, Defence and Trade
Review of the <i>Defence Annual Report 2012–13</i>
Inquiry into principles and practice—Australian defence industry and exports
Inquiry into the <i>Defence Annual Report 2013–14</i>
Inquiry into the <i>Defence Annual Report 2014–15</i>
Empowering women and girls
Inquiry into the Defence Trade Controls Amendment Bill 2015
Joint Committee of Public Accounts and Audit
Report 456: Defence Major Equipment Procurement and Evaluation
Report 458: Defence Major Projects Report (2014–15)
Report 448: Review of the 2013–14 Defence Materiel Organisation Major Projects Report
Report 449: Military Equipment Disposal
Inquiry into the ANAO Report No. 9 2015–16— <i>Test and evaluation of major Defence equipment acquisitions</i> , and ANAO Report No. 52 2014–15— <i>Australian Defence Force's medium and heavy vehicle fleet replacement (Land 121 Phase 3B)</i>
Review of the ANAO Report No. 16 2015–16— <i>Major Projects Report 2014–15</i>
Parliamentary Joint Committee on Intelligence and Security
Review of Administration and Expenditure No. 13 (2013–14)
Review of Administration and Expenditure No. 14 (2014–15)
Parliamentary Standing Committee on Public Works
RAAF Base Williamtown Redevelopment Stage 2
AIR 8000 Phase 2—Battlefield Airlifter Facilities
AIR 5349 Phase 3—Growler Airborne Electronic Attack Capability Facilities

Parliamentary Standing Committee on Public Works (continued)

C-17 Maintenance Facility, Aircraft Apron and Associated Infrastructure Project, RAAF Amberley, Queensland
Delamere Air Weapons Range Redevelopment Project, Northern Territory
Puckapunyal Military Area High-Voltage Power Supply Upgrade, Puckapunyal, Victoria
Campbell Barracks Redevelopment Project, Swanbourne, Western Australia
HMAS Stirling Redevelopment, Stage 3A, Garden Island, Western Australia
JP 2097 REDFIN Phase 1B Enhancements to Special Operations Capability Facilities Project
Air Traffic Control Complex Infrastructure Project and Phases 2 and 3 Fixed-Base Defence Air Traffic Management and Control System
LAND 121 Phases 3 and 4 Stage 2—Unit Sustainment Facilities Project
AIR 5428 Phase 1—Pilot Training Facilities Project

Senate committees

Table 6.3 provides information on Defence's activities in relation to its involvement in Senate committees from 1 July 2015 to 30 June 2016.

Table 6.3: Defence's involvement with Senate committees, 2015–16

Senate Standing Committees on Foreign Affairs, Defence and Trade

Defence Legislation Amendment (Military Justice Enhancements—Inspector-General of the Australian Defence Force) Bill 2014
Inquiry into the contamination of Australian Defence Force facilities and other Commonwealth, state and territory sites in Australia—Part A
Inquiry into the contamination of Australian Defence Force facilities and other Commonwealth, state and territory sites in Australia—Part B
Inquiry into the capability of Defence's physical science and engineering workforce
Inquiry into mental health of Australian Defence Force serving personnel
Inquiry into the potential use by the Australian Defence Force of unmanned air, maritime and land platforms
Inquiry into the Australian Defence Force's resistance-to-interrogation training
Inquiry into the operations of Defence Housing Australia
Inquiry into the planned acquisition of the F-35 Lightning II (Joint Strike Fighter)
Australia's future activities and responsibilities in the Southern Ocean and Antarctic waters
Report on the implementation of the <i>Defence Trade Controls Act 2012</i> —Progress Report No. 2 and No. 3

Senate Standing Committees on Legal and Constitutional Affairs

Inquiry into the payment of cash or other inducements by the Commonwealth of Australia in exchange for the turn-back of asylum seeker boats

Senate Economics References Committee

Inquiry into foreign investment review framework
Inquiry into the future sustainability of Australia's shipbuilding industry

House of Representatives committees

Table 6.4 provides information on Defence's activities in relation to its involvement in House of Representatives committees from 1 July 2015 to 30 June 2016.

Table 6.4: Defence's involvement with House of Representatives committees, 2015–16

Standing Committee on Infrastructure and Communications

Inquiry into the role of smart ICT in the design and planning of infrastructure

Senate estimates and questions on notice

Defence attended five estimates hearings before the Senate Standing Committees on Foreign Affairs, Defence and Trade in October 2015, February–March 2016 (including two additional spillover hearings) and in May 2016. A total of 314 questions were taken on notice, 38 of which lapsed.

In 2015–16, Defence was asked a total of 142 questions in the Senate and House of Representatives, 14 of which lapsed. For parliamentary inquiries, Defence was asked a total of 80 questions during the 2015–16 period, 10 of which lapsed.

Table 6.5 provides information on Defence's activities in relation to the Senate estimates process from 1 July 2015 to 30 June 2016. Table 6.6 presents a breakdown of the parliamentary questions on notice.

Table 6.5: Defence's involvement with Senate estimates, 2015–16

Senate Standing Committees on Foreign Affairs, Defence and Trade—estimates	
Supplementary Budget Estimates 2015–16	Defence witnesses appeared at a hearing on 21 October 2015. A total of 102 questions, consisting of 299 parts, were taken on notice during the hearing.
Additional Estimates 2015–16	Defence witnesses appeared at a hearing on 10 February 2016, with two additional spillover hearings held on 3 and 17 March 2016. A total of 208 questions, consisting of 822 parts, were taken on notice across the three hearings. Of the 208 questions, a total of 174 were lodged with the committee. The remaining 34 questions lapsed when the proclamation for the dissolution of Parliament was issued on 8 May 2016.
Budget Estimates 2016–17	Defence witnesses appeared at a hearing on 6 May 2016. A total of four questions, consisting of four parts, were taken on notice from the hearing. All questions lapsed when the proclamation for the dissolution of Parliament was issued on 8 May 2016.

Table 6.6: Defence's questions on notice, 2013–14 to 2015–16

Source of questions on notice	2013–14	2014–15	2015–16
House of Representatives/Senate notice paper	18	134	142
Senate estimates (October, February–March and May–June)	450	359	314
Parliamentary inquiries	35	134	80
Total	503	627	536

Judicial decisions and decisions of administrative tribunals

In *Gaynor v Chief of Defence Force* (No. 3) [2015] FCA 1370, his Honour Justice Buchanan found in favour of the applicant, and ordered the decision of the Chief of the Defence Force made on 10 December 2013 terminating the applicant's service in the Army to be set aside. The termination decision was found to be constitutionally invalid on the basis that it breached the implied freedom of political communication. The Chief of the Defence Force has appealed the decision to the Full Court of the Federal Court and the appeal was heard on 5 and 6 May 2016. The appeal is legally significant as it seeks to clarify the present state of the law on the constitutional guarantee of freedom of political communication.

In 2015–16, Defence was a respondent in six applications to the Administrative Appeals Tribunal. The applicants sought review of decisions by Defence regarding their claims for compensation under Regulation 57 of the Defence Force Regulations 1952 in relation to Defence activities at the Salt Ash Air Weapons Range. The applicants were the lead group of 102 claimants whose claims for compensation under Regulation 57 were not accepted by Defence. On 15 April 2016, her Honour Justice Stevenson upheld the decision under review and affirmed the decision of the reviewing authority, Air Commodore Ian Meyn, dated 27 November 2013, to refuse compensation to the applicants.

In *Jordan v Chief of Air Force* [2015] ADFDAT 2, a Defence member successfully appealed against his conviction following a trial before a Defence Force magistrate under the *Defence Force Discipline Act 1982*. The central issue on appeal was the proper construction of the *Criminal Code Act 1995* provision creating the offence for which he was charged (obtaining a financial advantage from the Commonwealth in relation to receipt of a rental allowance). The Defence Force Discipline Appeal Tribunal decided that the provision requires a coincidence between the relevant physical and fault elements of the offence, such that a person must have the requisite knowledge or belief of wrongdoing at the time when the person engages in the offending conduct.

Commonwealth Ombudsman reports

There were no reports by either the Commonwealth or Defence Force Ombudsman pursuant to section 15, 16, 17 or 19 of the *Ombudsman Act 1976* during the reporting period.

Auditor-General's reports

In 2015–16, six performance audit reports by the Auditor-General relating directly to Defence were tabled in Parliament, as outlined in Table 6.7.

Table 6.7: Auditor-General's reports on Defence, 2015–16

Report	Date presented to Parliament	Audit objective
ANAO Report No. 9 2015–16— <i>Test and evaluation of major Defence equipment acquisitions</i>	24 November 2015	To examine the effectiveness of Defence's management of the test and evaluation aspects of its major capital equipment acquisition program; and to report on Defence's progress in implementing test and evaluation recommendations made in the Senate Foreign Affairs, Defence and Trade References Committee's August 2012 report, <i>Procurement procedures for Defence capital projects</i>
ANAO Report No. 19 2015–16— <i>Managing science and technology work for Defence—Defence Science and Technology Group</i>	2 February 2016	To assess the effectiveness of the Defence Science and Technology Group's administration of the science and technology work that it undertakes
ANAO Report No. 20 2015–16— <i>Defence industry support and skill development programs</i>	2 February 2016	To assess the effectiveness of Defence's administration of industry support and skill development
ANAO Report No. 26 2015–16— <i>Defence's management of the Mulwala propellant facility</i>	15 March 2016	To assess the effectiveness of Defence's management of the Mulwala redevelopment project
ANAO Report No. 32 2015–16— <i>Administration of rehabilitation services under the Military Rehabilitation and Compensation Act 2004</i>	5 May 2016	To assess the effectiveness of administration by the Department of Veterans' Affairs and the Department of Defence of rehabilitation services under the <i>Military Rehabilitation and Compensation Act 2004</i>
ANAO Report No. 33 2015–16— <i>Defence's management of credit and other transaction cards</i>	5 May 2016	To assess whether Defence is effectively controlling the use of Commonwealth credit cards for official purposes in accordance with legislative and policy requirements

In 2015–16, two cross-portfolio audit reports involving Defence were also tabled in Parliament (Table 6.8).

Table 6.8: Auditor-General's cross-portfolio reports involving Defence, 2015–16

Report	Date presented to Parliament	Audit objective
ANAO Report No. 1 2015–16— <i>Procurement initiatives to support outcomes for Indigenous Australians</i>	8 July 2015	To assess the effectiveness of the administration of procurement initiatives to support opportunities for Indigenous Australians
ANAO Report No. 5 2015–16— <i>Implementation of audit recommendations</i>	22 October 2015	To assess the effectiveness of the Department of Veterans' Affairs monitoring and implementation of Australian National Audit Office and internal performance audit recommendations

Performance reviews

Australian Government Security Vetting Agency review

In June 2015, the Australian National Audit Office (ANAO) provided Parliament with an independent performance audit of the Australian Government Security Vetting Agency (AGSVA) (ANAO Report No. 45 2014–15—*Central administration of security vetting*). It examined whether AGSVA was providing an efficient and effective security vetting service for Australian Government agencies. The audit reviewed AGSVA's guidelines, procedures and systems, and made three recommendations to improve security vetting, all of which were accepted and implemented by AGSVA.

Recommendation 1—To provide additional assurance that AGSVA's Industry Vetting Panel (IVP) contractors are operating in accordance with applicable security policies and procedures, the ANAO recommends that Defence implement a targeted audit program to assess IVP contractors' operations.

AGSVA commenced auditing its external Industry Vetting Panel service providers, with six service providers audited in February and March 2016. The remaining service providers will be audited in 2016–17. The purpose of these audits is to provide assurance that Industry Vetting Panel service providers have appropriate systems and processes in place to consistently deliver quality vetting products and services. The first round of audits found that Industry Vetting Panel service providers are meeting AGSVA's requirements.

Recommendation 2—To strengthen quality control over vetting decisions and promote consistent decision making, the ANAO recommends that Defence introduce a program of internal peer review supplemented by periodic independent external quality assurance of delegate decisions.

AGSVA implemented an internal peer review program where authorised vetting agencies will review AGSVA's vetting decisions. This recommendation is now closed.

Recommendation 3—To improve efficiency and maintain the integrity of security vetting, the ANAO recommends that Defence develop a clear pathway to achieve agreed timeframes for processing and revalidating security clearances.

This recommendation is now closed, as AGSVA undertook a comprehensive review of its end-to-end vetting process and established a remediation program. The program aims to improve vetting efficiency by reforming AGSVA's policies and processes.

AGSVA has:

- implemented the ANAO's recommendations to reform AGSVA's business process and achieve efficiencies
- contributed to the Personnel Security Strategic Reforms Taskforce led by the Attorney-General's Department
- developed a resourcing and forecast model so that it can better anticipate demand
- developed new key performance indicators.

Defence capability reviews

While no formal capability reviews of Defence by the Australian Public Service Commission were conducted during 2015–16, the Government's First Principles Review of Defence was released on 1 April 2015.

Defence has made sound progress in implementing the recommendations of the First Principles Review of Defence during 2015–16, with 36 of the 75 recommendations completed by 30 June 2016.

Implementation of the First Principles Review recommendations has been divided into five work streams. Highlights during 2015–16 include:

1. Behaviours (improving accountability)

- The ministerial directive has been updated and clearly describes the individual and joint accountabilities of the Secretary and the Chief of the Defence Force.
- The *Defence Legislation Amendment (First Principles) Act 2015* came into effect on 1 July 2016 and formally recognises the authority of the Chief of the Defence Force and the Vice Chief of the Defence Force.
- The role of Service Chiefs as capability managers was strengthened, clarifying their responsibility for identifying, developing and delivering Defence's capability needs.
- Role charters for all members of the Senior Leadership Group were established, setting out individual and shared accountability, decision rights and agreed leadership behaviours.
- Senior Executive Service performance assessments are re-weighted towards agreed leadership behaviours.

2. Strategic centre (improving the quality of advice, direction setting and decision making)

- Defence Committee remains the primary decision-making body in Defence, with its membership reduced from 17 to six. It has two subsidiary committees:
 - the Enterprise Business Committee is chaired by the Associate Secretary and monitors the in-year performance of Defence in meeting Government-directed outcomes
 - the Investment Committee is chaired by the Vice Chief of the Defence Force and manages future investments; it is responsible for maintaining the integrity of the Integrated Investment Program.
- The number of committees chaired by SES Band 3 or three-star officers has been reduced from 72 to 46.
- The Enterprise Performance Management Framework was endorsed by the Defence Committee. It outlines how Government requirements are translated to the corporate planning and budget allocation framework, cascaded through to Group and Service business plans, and monitored through triannual performance reporting.
- The Defence Science and Technology Group has a new framework for university and industry partnerships. It allows Defence to partner with industry and academia to better access and leverage external science and technology capabilities.
- The Strategic Policy and Intelligence Group was established in February 2016. It brings together strategic, international and industry policy, the Defence intelligence agencies and the new Contestability Division.

3. Capability lifecycle (delivering on Government decisions)

- The Defence Materiel Organisation was disbanded and the Capability Acquisition and Sustainment Group was established as a part of Defence on 1 July 2015.
- Defence commenced transition to the new capability lifecycle in April 2016. The capability lifecycle is the end-to-end process for planning, developing, acquiring and maintaining Defence capability—major capital, infrastructure, and information and communications technology.
- The Capability Development Group was disbanded on 1 April 2016 and its functions moved to other parts of Defence. The Investment Committee now takes responsibility for all Defence investment decisions, including estate and infrastructure, information and communications technology, and major capability acquisitions.

4a. Enablers—services (improving delivery of services)

- Defence's corporate enabling functions are now focused on improving the service they provide to customers. Each function has developed a formal program of continuous improvement and the results of a six-monthly customer satisfaction survey are being used to focus improvement initiatives.
- Key performance indicators for service delivery were also created and performance reporting is provided on a quarterly basis.
- Further work to establish the integrated service delivery model will be undertaken in 2016–17. The model is designed to improve how customers access services and places the customer's experience at the forefront of service delivery improvements.

4b. Enablers—information management (new enterprise approach)

- The Enterprise Information Management Strategy 2015–2025 was released in October 2015 and outlines how information will be managed in Defence, with clearly defined authorities and accountabilities for the Chief Information Officer, the Chief Technology Officer and the Vice Chief of the Defence Force as the design authority for military interoperability.
- A detailed and comprehensive implementation plan was also developed and identifies a credible path over the next five years to deliver on the agreed Enterprise Information Management Strategy.
- A baseline of enterprise information management business requirements was agreed by the implementation committee in May 2016 and will be used as a framework to inform investment decisions about specific capabilities that are required.

4c. Enablers—estate (aligning the Defence estate to current and future force needs)

- The Estate and Infrastructure Group commenced work on an estate strategy. The strategy will be finalised in 2016–17 and will provide direction on how all areas of Defence will manage the estate to ensure that it is aligned to force requirements, and is affordable and sustainable.
- The work ahead includes developing an estate implementation plan and future estate profile options paper. The future estate profile will present options on what parts of the estate can be optimised through future acquisitions and expansions, and the parts that could be rationalised through disposal. Delivery of an estate strategy, plan and profile are key steps in ensuring that Defence's estate footprint aligns with current and future force needs.

5. Workforce (developing the right workforce with the right skills)

- Seven SES Band 3 positions and one three-star position were abolished in 2015–16.
- Voluntary redundancies were offered to SES and Executive Level 1 and 2 officers, with a total of 675 voluntary redundancies accepted in 2015–16. Further information is available in Chapter 7—Strategic workforce management.
- Part one of the Defence Strategic Workforce Plan was released in May 2016, providing the strategic direction and defining the people system for the future workforce of Defence. Part two will be released in the second half of 2016, after analysis of the environment and workforce. It will outline initiatives to address risks and other issues that are identified.
- The rollout of the Australian Public Service skills census across the 20 job families in the Australian Public Service was initiated and will provide important information to support the development of both Group and job family workforce plans.
- The development of job family and Group workforce plans has commenced to drive recruitment, learning and development, succession planning and talent management.

Defence is on track to put in place, by 30 June 2017, the remaining substantial changes to the structure, governance, accountabilities, processes and systems to ensure the organisation has reached the point of no return. The Oversight Board, which reports directly to the Minister for Defence, is satisfied with Defence's progress.

Communicating in the Middle East

Following the Australian Government's decision to extend its military commitment in the Middle East, Defence established the Middle East Region Communications and Information Systems (CIS) Upgrade Program. The program involves a rolling upgrade to CIS infrastructure in support of Australia's commitment to coalition operations.

Having received Government funding approval in April 2016, the program has entered its delivery phase, which will provide a modern, stable, secure and standardised CIS infrastructure at fixed-base locations in the region.

The program comprises four integrated CIS projects from across Defence:

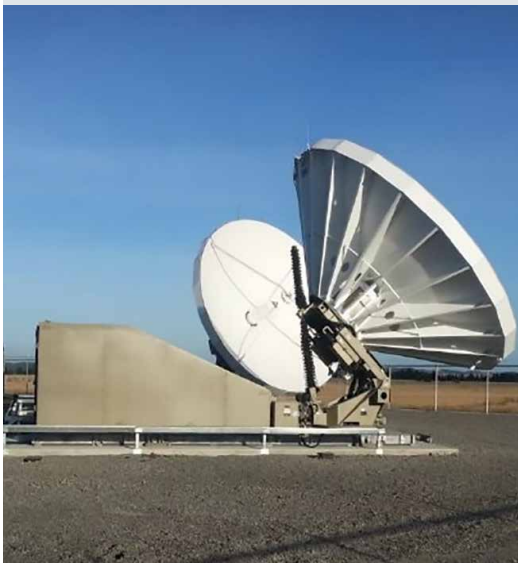
- The Satellite Communications (SATCOM) project
- The Wide Area Network and Base Area Network upgrade project
- The Enhanced Deployable Local Area Network (DLAN) project
- The Middle East Region Cyber Security project.

Delivering an ICT upgrade in an operational environment presents a variety of challenges for the program, most notably ensuring that the installation of equipment and transition to the new system occurs with minimal impact on operational activities.

The program is also working to undertake limited facilities upgrades to ensure work health and safety standards are maintained; coordinate a delivery schedule that does not conflict with force rotations and operational activities; and ensure that equipment is delivered to austere locations in time for installation within the 24-month rapid acquisition timeframe.

In the coming six months, the program will develop detailed plans to manage data migration, logistics, facilities upgrades, training and integration testing. In parallel, work is underway to develop both a network and security architecture and an end-to-end support model for Middle East region CIS at fixed-base locations.

With support from the Chief of the Defence Force, the program is working to complete delivery and installation by the end of 2017.



Deployable Kit Earth Terminals (satellite dishes) for use as part of the satellite communications upgrade in the Middle East region.

Freedom of information

During 2015–16, Defence received 388 requests for information under section 15 of the *Freedom of Information Act 1982* (FOI Act) and finalised 389 requests. This figure includes requests carried over from 2014–15. An additional nine requests, for amendment or annotation of records of personal information, were managed under section 48 of the FOI Act. Defence also received 39 requests for internal reviews of freedom of information decisions and finalised 36 requests for internal reviews. Defence achieved 100 per cent compliance with legislative deadlines in 2015–16.

The Freedom of Information Directorate managed an additional 1,093 requests for information outside the FOI Act. Of these, 521 were requests for access to personnel records. These were processed in accordance with section 15A of the FOI Act, which provides for access to be given in such cases through established administrative channels. Defence received 69 courtesy consultations from other government agencies in 2015–16.

Information Publication Scheme statement

Entities subject to the FOI Act are required to publish information to the public as part of the Information Publication Scheme. This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the scheme's requirements. Further information is available at www.defence.gov.au/ips.

Further information about the Information Publication Scheme is available on the website of the Office of the Australian Information Commissioner at www.oaic.gov.au.

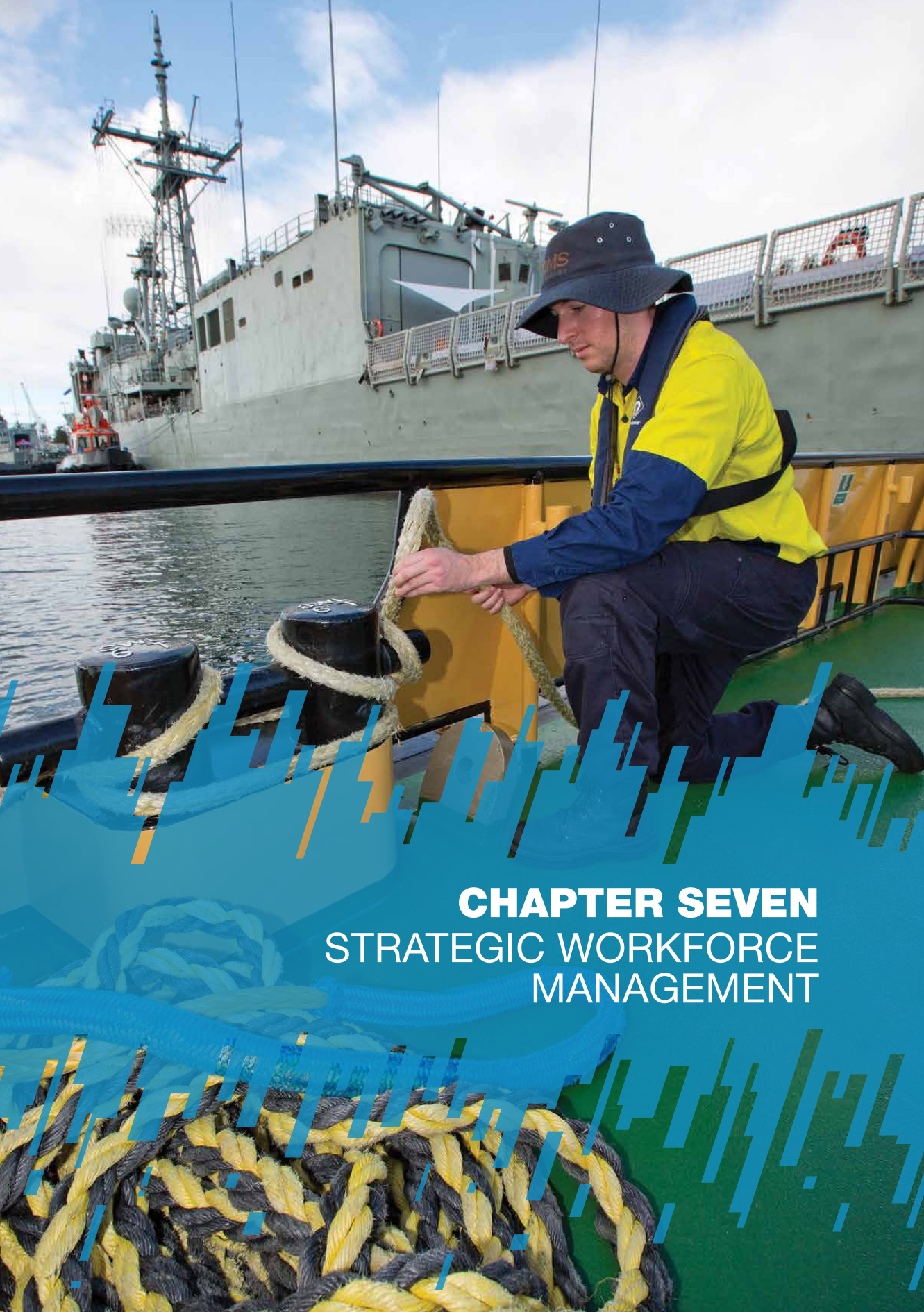
Defence Public Interest Disclosure Scheme

The Defence Public Interest Disclosure Scheme continues to facilitate a strong reporting culture in Defence. The scheme facilitates and encourages reports of suspected wrongdoing, provides support and protection to disclosers, and ensures that suspected wrongdoing is investigated where appropriate.

Defence worked closely with the Commonwealth Ombudsman in 2015–16 to ensure continuing improvement and consistency with the rest of government in the implementation and operation of the *Public Interest Disclosure Act 2013*.

During 2015–16, Defence successfully consolidated its authorised officers, which has proved to be a more effective arrangement for managing disclosures. Defence also improved the department's recording systems to better align with the *Public Interest Disclosure Act 2013* reporting requirements.

During 2015–16, Defence experienced a reduction in the number of disclosures received, with a total of 254 matters reported under the Defence Public Interest Disclosure Scheme. Defence accepted 194 matters as public interest disclosures and allocated them for investigation. The reduction is attributed to a number of contributing factors: maturing of the scheme within Defence, including the refinement of assessment processes; de-confliction with other grievance handling mechanisms; and the consolidation and growing competence of authorised officers.



CHAPTER SEVEN

STRATEGIC WORKFORCE MANAGEMENT

Workforce summary

Defence budgets for its Australian Defence Force (ADF) workforce on a 'funded strength' basis and the Australian Public Service (APS) workforce on a full-time equivalent (FTE) basis. Defence uses actual FTE as the most accurate indicator of current staffing levels. By contrast, workforce planning is based on average funded strength (for the ADF workforce) and average FTE (for the APS workforce) for the financial year. These averages, while suitable for planning and budgeting purposes, are lag indicators against the actual end-of-year figures.

Defence also records some statistical data by headcount, in which all personnel are counted equally regardless of the number of hours worked, and the figures include all personnel recorded as on duty or on leave, full-time or part-time, with or without pay. This statistical basis is used for gender information, employment categories and location. Defence does not base its workforce planning on headcount figures.

Workforce planning

This section provides information on average workforce strength during 2015–16. Like other Commonwealth entities, Defence uses average workforce strength figures for planning and budgeting purposes.

ADF Permanent Force

Table 7.1 details ADF Permanent Force average funded strength for 2015–16. ADF strength was 58,061 in 2015–16, an increase of 549 from 2014–15. This includes ADF Reservists on continuous full-time service. Average funded strength for Reservists on continuous full-time service was 926 (comprising Navy 375, Army 440 and Air Force 111)—an increase of 38 from 2014–15.

The ADF workforce growth will continue towards the 2016 Defence White Paper allocation of 62,400.

Table 7.1: **ADF Permanent Force average funded strength, 2014–15 and 2015–16^{1, 2}**

	2014–15 actual	2015–16 budget estimate ³	2015–16 revised estimate ⁴	2015–16 actual	Variation	%
Navy	14,070	14,238	14,249	14,232	-17	-0.1
Army	29,366	29,528	29,648	29,635	-13	0.0
Air Force	14,076	14,216	14,172	14,194	+22	+0.2
Total average funded strength	57,512	57,982	58,069	58,061	-8	0.0

Notes

1. Figures in this table are average strengths; they are not a headcount.
2. Reservists undertaking full-time service are included in the figures. Employees on forms of leave without pay are not included.
3. As published in the Portfolio Budget Statements 2015–16.
4. As published in the Portfolio Additional Estimates Statements 2015–16.

ADF enlistments and separations

The permanent ADF headcount increased by 631 in 2015–16; this reflects the net difference between enlistments and separations.

The ADF enlisted 5,438 permanent members, made up of 4,458 men and 980 women, for the 12 months to 30 June 2016. This was 139 fewer enlistments than in 2014–15.

ADF enlistments can be categorised as ab initio (those with no prior military service) or prior service enlistments. Of the 5,438 ADF permanent members enlisted, 750 entrants had prior military service in either the Reserve, the Gap Year program, another Service or another country, or had previous Permanent Force service. There were 4,688 ab initio entrants.

Women take charge

The achievements of women in the Australian Defence Force have reached a new milestone, with two of the most senior deployed operational command positions now held by women.

Brigadier Kathryn Campbell became the first woman to be appointed to the role of Deputy Commander Joint Task Force 633 at Camp Baird in the Middle East region in May 2016.

Brigadier Campbell has two busy careers: as an Army Reserve officer, she is the Commander of 5th Brigade; and as a full-time public servant, she is the Secretary of the Commonwealth Department of Human Services, which runs Centrelink and Medicare. This is her first overseas deployment.

'I was delighted to find out I was chosen for the position and fortunate the Government supported me to deploy away from my civilian job', Brigadier Campbell said.

'It's a great opportunity for me, like every soldier, sailor and airman and woman who joins the ADF—I wanted to do my job deployed on operations. I'm contributing to the important ADF team here in the Middle East and I'm keen to be a positive influence and be accessible to the people I meet.'

Brigadier Campbell's civilian and military jobs are similar in more ways than one.

'I'm incredibly lucky to have both jobs as they give me the opportunity to serve Australians', she said.

'Like the Army, the Department of Human Services is an operational department that relies heavily on information technology. It has 35,000 people working in more than 400 locations all over Australia.

'My role here in the Middle East has an operational focus, where I make decisions using very similar processes.'

She joins Brigadier Cheryl Pearce AM, who is Commander Task Group Afghanistan, a role she took up in February 2016.

Brigadier Pearce, a fellow of the Centre for Defence and Strategic Studies, former Chief of Staff at Army Headquarters and Head of Corps of the Royal Australian Corps of Military Police, leads a command element of about 45 Australian Defence Force personnel, which coordinates administration, communications and logistics support for all ADF members deployed to Afghanistan.

Task Group Afghanistan's Headquarters is at Kabul's Hamid Karzai International Airport. Australia is one of the largest non-NATO contributors in Afghanistan. Around 270 ADF personnel are deployed to Task Group Afghanistan as part of Operation Highroad, fulfilling a variety of roles supporting the NATO-led Resolute Support mission.

Brigadier Pearce said Australia is committed to achieving long-term security for Afghanistan. Australia no longer has a combat role in Afghanistan, with the focus now on training and advising Afghan forces.

'We're committed until 2017 and the Government will make a decision this year on what our footprint is militarily post 2016', Brigadier Pearce said.

'Australia, together with the international community, is committed to the long-term security of Afghanistan.'

'Improving security is our number one priority to ensure that the Afghan people and the government of Afghanistan can have a future that's free of terrorism and insurgents, and can live in a safe and secure environment', Brigadier Pearce said.



Australian Army Officer and Deputy Commander Joint Task Force 633, Brigadier Kathryn Campbell (left), chats with Commander Task Group Afghanistan Australian Army Officer, Brigadier Cheryl Pearce, after arriving at Kandahar air base in Afghanistan.

Tables 7.2 and 7.3 provide comparative information about ADF Permanent Force separations over the last two years.

Table 7.2: ADF Permanent Force, 12-month rolling separation rates, 30 June 2015 and 30 June 2016

	12-month rolling separation rate (%)	
	30 June 2015	30 June 2016
Navy	7.9	7.7
Army	11.3	10.0
Air Force	5.7	5.3
Total ADF Permanent Force	9.1	8.3

Table 7.3: ADF Permanent Force separations, 2014–15 and 2015–16

		Voluntary separations ¹	Involuntary separations ²	Age retirement	Trainee separations	Total
2014–15						
Navy	Officers	110	33	4	68	215
	Other ranks	512	196	2	174	884
Army	Officers	211	77	26	154	468
	Other ranks	1,427	747	10	650	2,834
Air Force	Officers	157	44	15	36	252
	Other ranks	347	97	27	84	555
Total ADF Permanent Force	Officers	478	154	45	258	935
	Other ranks	2,286	1,040	39	908	4,273
	Total	2,764	1,194	84	1,166	5,208
2015–16						
Navy	Officers	117	32	7	51	207
	Other ranks	477	182	2	211	872
Army	Officers	251	67	26	117	461
	Other ranks	1,304	661	14	525	2,504
Air Force	Officers	140	54	16	41	251
	Other ranks	324	106	21	61	512
Total ADF Permanent Force	Officers	508	153	49	209	919
	Other ranks	2,105	949	37	797	3,888
	Total	2,613	1,102	86	1,006	4,807

Notes

1. 'Voluntary' includes voluntary redundancies and resignations.
2. 'Involuntary' primarily comprises members who are medically unfit, unsuitable for further duty, who died while serving or who fell into the 'management-initiated early retirement' category.

Note: Figures in this table show Permanent Force headcount numbers (substantive headcount). Reserves undertaking continuous full-time service are not included. Classifications are not mutually exclusive, and an individual is placed in only one group. The order of classifications is as follows: cadets and trainees; age retirement; and the remainder are classified as voluntary or involuntary. Members commencing leave or leave without pay are not included.

ADF Reserve

The number of days each ADF Reserve member works in a year can vary substantially, depending on personal circumstances and organisational need. To reflect this, Table 7.4 shows both the total number of days served by Reserve members in 2015–16, and the number of Reservists who rendered paid service.

2015–16 saw an increase of 39,017 days' service over 2014–15 to a total of 989,518 (101,729 Navy, 684,673 Army and 203,116 Air Force), while the number of Reservists undertaking service decreased marginally to 19,338 (1,803 Navy, 14,402 Army and 3,133 Air Force).

As Table 7.4 shows, the number of days served by both Navy and Air Force Reserve members was substantially higher than forecast (by 27 per cent and 10 per cent respectively), while the variation for the Army was minimal. In the Navy's case, it has increased the contribution of Reserve members through innovations in managing the Reserve salary budget to mitigate the underspends of previous years, and a 100 per cent audit of the Navy Reserve, which reinvigorated interest among inactive Reserve members. Meanwhile, the Air Force has experienced an increase in days served due to greater use of the Reserve workforce to complement capability, and increased attendance rates by Reserve members, from an average of 60 days in 2014–15 to 64 in 2015–16.

Table 7.4: **ADF Reserve paid strength, 2014–15 and 2015–16**^{1,2}

	2014–15 actual: days served (members paid)	2015–16 budget estimate:³ days served (members paid)	2015–16 revised estimate:⁴ days served (members paid)	2015–16 actual: days served (members paid)	Variation: days served (members paid)	Percentage variation days served (members paid)
Navy	94,052 (2,073)	80,000 (1,760)	80,000 (1,760)	101,729 (1,803)	+21,729 (+43)	+27% (+2%)
Army	677,361 (14,301)	595,000 (14,000)	650,000 (14,500)	684,673 (14,402)	+34,673 (–98)	+5% (–1%)
Air Force	179,088 (2,988)	176,000 (3,100)	185,000 (3,100)	203,116 (3,133)	+18,116 (+33)	+10% (+1%)
Total paid Reserves	950,501 (19,362)	851,000 (18,860)	915,000 (19,360)	989,518 (19,338)	+74,518 (–22)	+8% (–0.1%)

Notes

1. Because the number of days or hours worked by Reserve members can vary greatly, figures in this table show the total number of days' service rendered, with a headcount of members rendering paid service in brackets.
2. This table includes the High Readiness Reserve, the Active Reserve and the Specialist Reserve. Reservists on full-time service in the Permanent Forces are not included in this table; they are included in Table 7.1.
3. As published in the Portfolio Budget Statements 2015–16.
4. As published in the Portfolio Additional Estimates Statements 2015–16.

Project Suakin

The ability to attract and retain the right people, in the right numbers, with greater workforce flexibility and agility is fundamental to the sustainment of the ADF's future capability. A new total workforce model called Project Suakin, which is designed to enable the generation and sustainment of ADF capability through workplace flexibility, was completed in 2015–16. This included necessary amendments to Defence legislation and revised policies and procedures.

Project Suakin will be implemented by the Services in 2016–17 through cultural and business process reforms. These reforms will enable members of the Permanent Forces and Reserve to move across service categories, including full-time, part-time, Reserve and dual-employment options with industry partners.

The total workforce model supports the attraction and retention of members through enabling them to meet their changing personal circumstances during their working life, and enhances Defence's reputation as an employer of choice.

Australian Public Service workforce

Table 7.5 shows details of the APS average strength, expressed as average FTE, for 2014–15 and 2015–16. APS average strength was 18,071 in 2015–16. This was a decrease of 1,271 from the 2014–15 figure of 19,342. As Table 7.6 shows, the decrease in the end-of-year FTE workforce in 2015–16 was 1,364 FTE staff to a total of 17,423—the lowest level since 2001–02.

The reduction occurred through continuing reforms to Defence's business practices, and has laid the foundation for a reshaping of the workforce to meet the 2016 Defence White Paper initiatives and to deliver the recommendations of the First Principles Review.

Table 7.5: **Civilian workforce (APS and contractor), average full-time equivalent, 2014–15 and 2015–16¹**

	2014–15 actual	2015–16 budget estimate ²	2015–16 revised estimate ³	2015–16 actual	Variation	%
APS	19,342	18,380	18,100	18,071	–29	–0.2
Contractors	361	484	379	421	+42	+11.1
Total civilian workforce	19,703	18,864	18,479	18,492	+13	+0.1

Notes

1. These figures are average FTE; they are not a headcount.
2. As published in the Portfolio Budget Statements 2015–16.
3. As published in the Portfolio Additional Estimates Statements 2015–16.

Table 7.6: **APS workforce, end-of-year full-time equivalent, 2014–15 and 2015–16¹**

	2014–15 actual	2015–16 budget estimate ²	2015–16 revised estimate ³	2015–16 actual	Variation	%
Total APS	18,787	17,900	17,500	17,423	–77	–0.4

Notes

1. Figures in this table are actual FTE for the last payday of 2015–16. Employees on forms of leave without pay are not included. The figures differ from Table 7.5 as that table shows the average FTE across the full year.
2. As published in the Portfolio Budget Statements 2015–16.
3. As published in the Portfolio Additional Estimates Statements 2015–16.

APS recruitment and separations

Defence recruited 870 APS employees during 2015–16, including 229 as part of the graduate program.

The APS headcount decreased by 1,389; this reflects the net difference between recruitment and separations. The separations are shown in Table 7.7; the majority of separations were due to resignation or retirement from Defence.

Table 7.7: **APS separations, 2014–15 and 2015–16**

	Voluntary redundancy ¹	Involuntary separations ²	Resignation/ retirement ³	Transfers ⁴	Total
2014–15⁵					
Senior Executive Service			10	8	18
Executive Levels 1 and 2	93	18	304	42	457
Other levels	148	51	832	172	1,203
Total APS	241	69	1,146	222	1,678
2015–16					
Senior Executive Service	28		6	4	38
Executive Levels 1 and 2	573	22	278	120	993
Other levels	74	63	853	238	1,228
Total APS	675	85	1,137	362	2,259

Notes

1. Voluntary redundancies are those that are program initiated.
2. Involuntary figures include breach of conduct, invalidity retirement, involuntary redundancies, lack of qualifications, non-performance, term probation and death.
3. Resignation and retirement figures include resignation, retirement (minimum age and Senior Executive Service) and completion of non-ongoing.
4. Transfers are those who have transferred to other government departments.
5. Some 2014–15 figures have been adjusted from what was reported in the *Defence Annual Report 2014–15* to account for retrospective transactions.

Note: Figures in this table show ongoing and non-ongoing headcount numbers (substantive headcount).

Actual staffing

This section provides detailed workforce information as at 30 June 2016 and outlines changes in the workforce that occurred during 2015–16. It includes numbers of people (Table 7.8), locations (Table 7.9), employment categories (tables 7.10, 7.11 and 7.12) and gender information (tables 7.13 and 7.14, and Figure 7.1); the information is based on headcounts.

At 30 June 2016, Defence had a permanent workforce of 76,503 (headcount), comprising 58,035 permanent ADF members and 18,468 ongoing APS employees (Table 7.8). An additional 110 APS employees were employed on a non-ongoing basis.

Table 7.8: Defence workforce headcount, 30 June 2015 and 30 June 2016

	Navy	Army	Air Force	ADF ¹	APS ²
Headcount 30 June 2015	13,949	29,193	14,262	57,404	19,967
Additions	1,153	3,444	841	5,438	870
Separations	1,079	2,965	763	4,807	2,259
Headcount 30 June 2016	14,023	29,672	14,340	58,035	18,578
Change	74	479	78	631	-1,389

Notes

1. ADF figures are permanent members and do not include Reserve members or those undertaking continuous full-time service.
2. APS figures include paid and unpaid employees, which covers full-time, part-time, ongoing and non-ongoing employees.

Note: Figures in this table show headcount numbers (substantive headcount).

Note: During 2015–16, the permanent ADF headcount increased by 631 to 58,035. The growth in the permanent workforce is expected to continue in coming years as the ADF grows towards the 2016 Defence White Paper allocation. The Reserve headcount decreased by 1,628 to 21,458 (including those members on continuous full-time service and Active Reservists). The total ADF workforce was 79,493, and included 17,170 Navy permanent and Reserve members, 43,218 Army permanent and Reserve members and 19,105 Air Force permanent and Reserve members. At 30 June 2016, 1,046 Reservists were also Defence APS employees.

Table 7.9: Defence workforce by employment location, 30 June 2016

	NSW	VIC ¹	QLD	SA	WA	TAS	NT	ACT ²	O/S ³	Total
Permanent Forces⁴										
Navy	6,741	1,590	797	174	2,320	14	573	1,654	160	14,023
Army	5,428	3,209	12,394	1,476	864	70	3,248	2,711	272	29,672
Air Force	4,635	974	3,101	2,013	320	7	963	2,008	319	14,340
Subtotal	16,804	5,773	16,292	3,663	3,504	91	4,784	6,373	751	58,035
Reserves⁵										
Navy	824	337	413	131	355	88	76	916	7	3,147
Army	3,454	2,444	3,214	1,159	1,494	433	427	918	3	13,546
Air Force	1,143	390	1,334	450	282	48	120	997	1	4,765
Subtotal	5,421	3,171	4,961	1,740	2,131	569	623	2,831	11	21,458
Total ADF	22,225	8,944	21,253	5,403	5,635	660	5,407	9,204	762	79,493
APS⁶										
Total APS	2,884	3,726	1,340	2,094	493	77	267	7,643	54	18,578

Notes

1. Victorian figures include individuals located in Albury (NSW).
2. ACT figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (NSW) and Bungendore (NSW).
3. Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.
4. Includes paid and unpaid members.
5. Includes Reserve members on continuous full-time service.
6. Includes paid and unpaid employees, which covers full-time, part-time, ongoing and non-ongoing employees. The 30 June 2016 figures for the APS include 1,046 APS employees who are also counted as Reserve members.

Note: Figures in this table show headcount numbers (substantive headcount).

An Indigenous perspective on affirmative measures

Defence, in partnership with Reconciliation Australia, has developed its third Reconciliation Action Plan. The Defence Reconciliation Action Plan 2015–2018 reflects Defence's enduring recognition of the Indigenous culture and commitment to providing employment opportunities. The plan was developed around the strategic intent of enhancing capability by providing career or business opportunities and supporting the Australian community.

To support the plan, Defence is implementing a number of programs to meet Indigenous recruitment targets and to ensure that it is a leader in Indigenous inclusion and reform. Through the Affirmative Measures program, Defence has increased employment opportunities for Indigenous Australians. The program experienced great success when it was trialled in 2013 and now runs across all locations, encompassing all APS levels.



Katharine Martin, Communications Officer Defence People Group

Miss Katharine Martin was excited to be provided the opportunity to join Defence under the Affirmative Measures program. She started with Defence in January 2016 after graduating from the University of Canberra with a bachelor degree in communications and advertising and now works in the Defence People Group Communications Team.

'I feel very privileged to have secured a position with Defence under the Affirmative Measures program. Although I still had to win my position, it gave me an opportunity in the first instance to showcase my skills at interview, and for that I am incredibly grateful.'

Through the Affirmative Measures program, 111 Indigenous employees have been employed since 2013.

Defence expects these numbers to increase as more Indigenous Australians become aware of the Affirmative Measures program.

'As an Indigenous Australian, I am proud to work for an organisation that is inclusive and supportive', Miss Martin said. 'I feel encouraged to not only develop my career, but to celebrate my culture simultaneously.'

'Our diversity is what makes us different and difference is good. When we support each other we become better at what we do, because we enjoy coming to work and feel valued.'

Defence is committed to ensuring the success of the Affirmative Measures program so that Indigenous employees can play a leadership role in delivering future capability needs.

The Affirmative Measures program will continue in 2016 and beyond, with at least 25 positions on offer each year as part of the Defence Reconciliation Action Plan.

Table 7.10: Star-ranked officers as at 30 June 2016

	Total star rank			2015–16 promotions			2015–16 separations		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Four-star									
Navy	–	–	–	–	–	–	–	–	–
Army	–	–	–	–	–	–	–	–	–
Air Force	1	–	1	–	–	–	–	–	–
Three-star									
Navy	3	–	3	–	–	–	–	–	–
Army	1	–	1	–	–	–	1	–	1
Air Force	1	–	1	1 ⁵	–	1	1	–	1
Two-star									
Navy	11	–	11	3	–	3	5	1	6
Army	15	1	16	2	–	2	1	–	1
Air Force	9	2	11	2	2	4	3	–	3
One-star³									
Navy	35	4	39	9	1	10	5	1	6
Army	49	9	58 ⁴	11	2	13	9	1	10
Air Force	35	3	38	9	3	12 ¹	6	–	6 ²
Total	160	19	179	37	8	45	31	3	34

Notes

1. One temporary Air Commodore not included in the total.
2. One temporary Air Commodore not included in separations.
3. One-star figures include three chaplains.
4. Includes two Brigadiers on continuous full-time service, deployed.
5. Air Marshal Leo Davies AO CSC was appointed Chief of Air Force on 4 July 2015.

Table 7.11: APS Senior Executive Service employees as at 30 June 2016

	Total SES ¹			2015–16 engagements ^{2,3}			2015–16 separations ^{2,4}		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior Executive									
Secretary	1	–	1	–	–	–	–	–	–
Band 3	8	1	9	1	–	1	4	1	5
Band 2 ⁵	20	9	29	2	1	3	6	1	7
Band 1 ⁶	46	21	67	–	2	2	16	6	22
Chief of Division									
Grade 2	7	2	9	–	–	–	3	1	4
Grade 1	–	–	–	–	–	–	–	–	–
Senior Executive									
Relief staff ⁷	30	14	44	–	–	–	–	–	–
Total	112	47	159	3	3	6	29	9	38

Notes

1. Figures in this table show actual employee numbers at their substantive level, but not staff on long-term unpaid leave.
2. Gains and losses do not reflect movement of officers between levels in each of the Senior Executive Service and Chief of Division streams.
3. Engagement figures include new engagements and transfers from other agencies only.
4. Separation figures include resignations, retirements, redundancies, and promotions and transfers to other departments.
5. Senior Executive Service Band 2 includes Medical Officer Grade 6.
6. Senior Executive Service Band 1 includes Medical Officer Grade 5.
7. Relief staff indicates non-SES employees on long-term acting arrangements in SES/Chief of Division positions that are vacant, or where the incumbents are taking leave, acting in higher positions or undertaking other duties.

Table 7.12: APS Executive Level employees and below by classification, as at 30 June 2016

	Headcount 30 June 2016			2015–16 engagements			2015–16 separations		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executive Level									
Executive Level 2	1,188	345	1,533	26	9	35	233	74	307
Executive Level 1	2,311	1,107	3,418	24	16	40	463	223	686
Subtotal	3,499	1,452	4,951	50	25	75	696	297	993
Other staff									
APS Level 6	3,276	1,913	5,189	61	61	122	226	158	384
APS Level 5	1,908	1,322	3,230	37	41	78	182	109	291
APS Level 4	920	1,082	2,002	19	31	50	86	112	198
APS Level 3	576	1,101	1,677	21	33	54	54	83	137
APS Level 2	534	642	1,176	194	139	333	73	60	133
APS Level 1	136	99	235	91	61	152	48	37	85
Subtotal	7,350	6,159	13,509	423	366	789	669	559	1,228
Total APS	10,849	7,611	18,460	473	391	864	1,365	856	2,221

Note: Figures in this table show ongoing and non-ongoing employee numbers (substantive headcount). Figures include paid, unpaid, full-time and part-time employees.

Table 7.13: APS employees by gender, 30 June 2015 and 30 June 2016

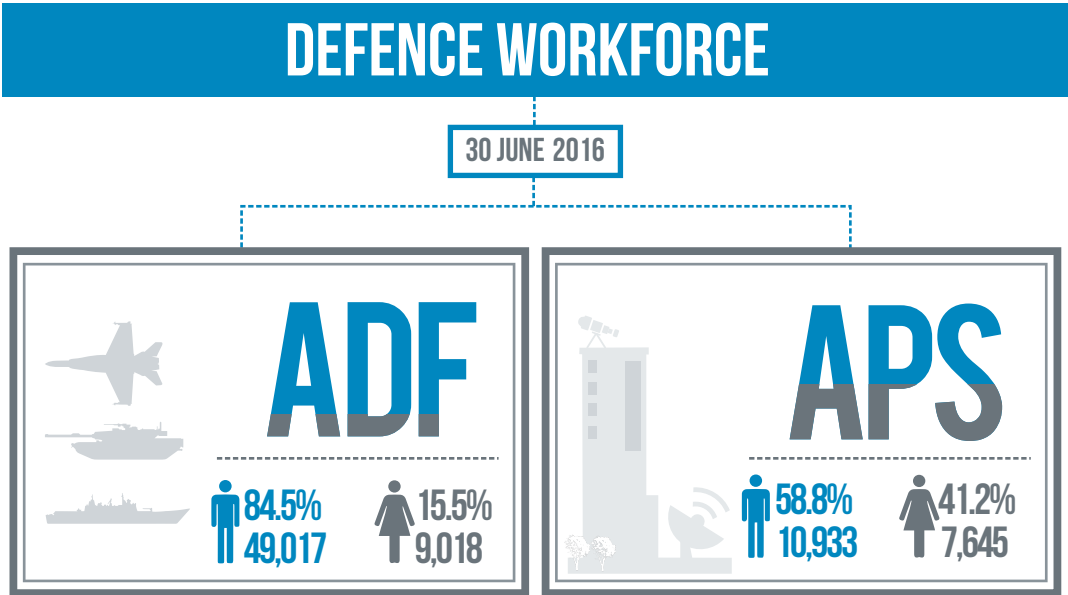
	30 June 2015 ¹			30 June 2016		
	Full-time	Part-time ²	Total	Full-time	Part-time ²	Total
Ongoing employees						
Men	11,570	223	11,793	10,627	223	10,850
Women	6,931	1,161	8,092	6,513	1,105	7,618
Total ongoing	18,501	1,384	19,885	17,140	1,328	18,468
Non-ongoing employees						
Men	41	18	59	70	13	83
Women	20	3	23	26	1	27
Total non-ongoing	61	21	82	96	14	110
Total APS employees						
Men	11,611	241	11,852	10,697	236	10,933
Women	6,951	1,164	8,115	6,539	1,106	7,645
Total	18,562	1,405	19,967	17,236	1,342	18,578

Notes

1. Some 30 June 2015 figures have been adjusted from what was reported in the *Defence Annual Report 2014–15* to account for retrospective transactions.
2. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in part-time positions.

Note: Figures in this table show headcount numbers (substantive headcount). Figures include paid and unpaid employees.

Figure 7.1: ADF Permanent and Reserve members and APS employees by gender, as at 30 June 2016



07

STRATEGIC WORKFORCE MANAGEMENT

Mentoring women into leadership

Defence is providing leadership development and mentoring to its female members of the Australian Public Service through a specially tailored program for APS 5 to Executive Level 1 staff.

Program aim

The Defence Mentoring Circles program has been developed to provide female civilian employees with career resilience and leadership development through group connection sessions, which work towards three core aims:

- retaining and nurturing existing talent
- encouraging a culture of diversity and inclusion
- empowering female leaders.

‘The greatest benefit has been getting to know people outside of my normal working group and working location’, said participant Peta Rafty. ‘It has been really beneficial gaining an understanding of the different challenges colleagues are experiencing.’

‘Having so much depth of experience in the room to brainstorm and explore different options and solutions to our challenges has been so valuable and we do so with a great deal of encouragement and humour.’

Linda Pollard participated in the Melbourne group and shared her positive experience.

‘I didn’t really know what to expect. The program is well facilitated and guided, and I am surprised at times at the open and frank discussions. Obviously a level of trust has been established, which is so important.’

‘There are a range of talents and skills within the group, which makes it interesting. I am learning a lot about assertive behaviour and our behaviours as demonstrated in the program’s female dashboard—it helped me to understand and manage the differences between female and male behaviour’, she said.

The program was run in Canberra, Sydney and Melbourne, with additional locations to be added in the second half of 2016.

Minister's Award for Achievement in Defence Science

Dr Mark Patterson received the 2015 Minister's Award for Achievement in Defence Science for his significant contributions to meeting increasing demands for the continued protection and wellbeing of Australian soldiers.

At a ceremony in Canberra on 25 November 2015, the then Minister for Defence Materiel and Science, the Hon Mal Brough MP, presented the award to the Defence Science and Technology Group scientist for his research into the soldier combat system, physical employment standards and the reduction of heat injuries.

Dr Patterson's expertise in human physical performance has been critical in developing improved protective combat gear for soldiers, reducing heat injuries suffered by deployed troops, and establishing a set of standards that match individuals to tasks, irrespective of gender.

An expert in physiology, Dr Patterson has made a major contribution to the integration of the soldier combat system under the joint initiative 'Diggerworks: Driving innovation and effectiveness in the defence sector'.

Diggerworks was established to ensure that soldiers had the best possible combat ensemble by reducing deficiencies that had been identified in the soldier categorisation and procurement processes. This ensemble reduces the soldier's weight burden significantly without compromising protection through the development of the Tiered Body Armour System.

Australian soldiers have also benefited from Dr Patterson's research into preventing and treating heat injuries. His team developed an inexpensive hand-held device for Australian Defence Force personnel to monitor environmental conditions in remote locations and reduce exposure to heat stress.

Dr Patterson also led the groundbreaking research program that introduced objective physical performance criteria for the selection and training of Defence personnel, opening opportunities for women to undertake tasks from which they were previously excluded.

The physical employment standards enable military personnel to perform their roles safely and effectively while significantly reducing work health and safety incidents and compensation claims.



L-R: Chief Defence Scientist Dr Alex Zelinsky; the recipient of the 2015 Minister's Award for Achievement in Defence Science, Dr Mark Patterson; and the then Minister for Defence Materiel and Science, the Hon Mal Brough MP, after the award ceremony at Russell Offices, Canberra.

Table 7.14: ADF permanent and Reserve forces and APS by gender, 30 June 2015 and 30 June 2016

		30 June 2015 ¹				30 June 2016			
		Men	%	Women	%	Men	%	Women	%
Navy permanent²									
Trained force	Officers	2,068	14.8	502	3.6	2,039	14.5	485	3.5
	Other ranks	7,168	51.4	1,625	11.6	7,369	52.5	1,718	12.3
Training force	Officers	570	4.1	144	1.0	607	4.3	161	1.1
	Other ranks	1,516	10.9	356	2.6	1,336	9.5	308	2.2
Total Navy		11,322	81.2	2,627	18.8	11,351	80.9	2,672	19.1
Army permanent²									
Trained force	Officers	4,497	15.4	818	2.8	4,479	15.1	828	2.8
	Other ranks	17,952	61.5	2,166	7.4	18,421	62.1	2,250	7.6
Training force	Officers	818	2.8	207	0.7	762	2.6	205	0.7
	Other ranks	2,405	8.2	330	1.1	2,418	8.1	309	1.0
Total Army		25,672	87.9	3,521	12.1	26,080	87.9	3,592	12.1
Air Force permanent²									
Trained force	Officers	3,371	23.6	876	6.1	3,397	23.7	905	6.3
	Other ranks	7,234	50.7	1,463	10.3	7,144	49.8	1,476	10.3
Training force	Officers	533	3.7	186	1.3	533	3.7	188	1.3
	Other ranks	469	3.3	130	0.9	512	3.6	185	1.3
Total Air Force		11,607	81.4	2,655	18.6	11,586	80.8	2,754	19.2
ADF permanent²									
Trained force	Officers	9,936	17.3	2,196	3.8	9,915	17.1	2,218	3.8
	Other ranks	32,354	56.4	5,254	9.2	32,934	56.7	5,444	9.4
Training force	Officers	1,921	3.3	537	0.9	1,902	3.3	554	1.0
	Other ranks	4,390	7.6	816	1.4	4,266	7.4	802	1.4
Total ADF permanent		48,601	84.7	8,803	15.3	49,017	84.5	9,018	15.5
Gap Year									
Navy		–	–	–	–	36	9.1	33	8.4
Army		139	63.5	26	11.9	158	40.0	53	13.4
Air Force		42	19.2	12	5.5	58	14.7	57	14.4
Total Gap Year		181	82.6	38	17.4	252	63.8	143	36.2
Reserves³									
Navy		3,866	16.7	996	4.3	2,456	11.4	691	3.2
Army		11,759	50.9	1,831	7.9	11,636	54.2	1,910	8.9
Air Force		3,694	16.0	940	4.1	3,807	17.7	958	4.5
Total Reserves		19,319	83.7	3,767	16.3	17,899	83.4	3,559	16.6
APS⁴									
Total APS		11,852	59.4	8,115	40.6	10,933	58.8	7,645	41.2

Notes

- Some 30 June 2015 figures have been adjusted from what was reported in the *Defence Annual Report 2014–15* to account for retrospective transactions.
- Permanent force headcounts do not include Gap Year participants, who are reported separately in this table.
- Reserves include all active members (training, deployed and other part-time military work commitments) and those on continuous full-time service.
- APS figures include paid, unpaid, full-time, part-time, ongoing and non-ongoing employees. The 30 June 2016 figures for APS include 1,046 APS employees who are also counted as Reserve members.

Note: Figures in this table show headcount numbers (substantive headcount). Percentage figures are calculated within each section, so that the subtotal for each section adds to 100 per cent. Percentages may not sum due to rounding.

The ADF Gap Year program was reintroduced in 2015 with an intake of 260 participants, comprising 200 Army and 60 Air Force entrants. The program was expanded to include the Navy in 2016 and a total of 445 participants were enlisted, comprising 78 Navy, 250 Army and 117 Air Force participants. Of those who enlisted in the program in 2016, 395 were still participating at 30 June 2016 (Table 7.15).

Table 7.15: ADF Gap Year program participants, 30 June 2015 and 30 June 2016

	Navy		Army		Air Force		ADF		Total
	Men	Women	Men	Women	Men	Women	Men	Women	
2015 Gap Year program									
Participants	–	–	170	30	44	16	214	46	260
Status at 30 June 2015									
Separated or inactive Reserves	–	–	67	13	3	4	70	17	87
Permanent ADF	–	–	81	14	17	3	98	17	115
Active Reserves	–	–	22	3	24	9	46	12	58
Gap Year	–	–	–	–	–	–	–	–	0
2016 Gap Year program									
Participants	39	39	190	60	60	57	289	156	445
Status at 30 June 2016									
Separated or inactive Reserves	3	6	30	7	2	–	35	13	48
Permanent ADF	–	–	1	–	–	–	1	–	1
Active Reserves	–	–	1	–	–	–	1	–	1
Gap Year	36	33	158	53	58	57	252	143	395

Note: The Gap Year program was reintroduced for the Army and Air Force in 2015, and for the Navy in 2016.

Remunerating people

Workplace agreements

The Defence Enterprise Collective Agreement sets out most of the terms and conditions of employment, including remuneration, performance management and working arrangements for the Defence workforce, excluding the Senior Executive Service (SES). The legal framework that underpins the agreement includes the *Fair Work Act 2009* and the *Public Service Act 1999*. The agreement is developed through consultation with employees and their representatives and is negotiated consistent with legislation and the Government's bargaining policy.

During 2015–16, Defence continued to bargain with employees and their representatives for a new enterprise agreement. This process will continue in 2016–17.

Table 7.16 shows the number of SES and non-SES employees covered by an enterprise agreement, contract or determination as at 30 June 2016.

Table 7.16: Number of SES and non-SES employees covered by an enterprise agreement, contract or determination as at 30 June 2016

Employment arrangement	Non-SES	SES
Enterprise agreement (Defence Enterprise Collective Agreement 2012–2014)	18,412	–
Building Defence Capability Payments (individual flexibility arrangement)	169	–
Section 24(1) determination (under the <i>Public Service Act 1999</i>)	–	113
Common law contract	–	113

Defence remuneration is a key component of the Defence employment offer. It attracts people to join Defence, develop personally and professionally, and choose to remain in Defence. The employment offer provides for fair and competitive remuneration, consistent with the parameters laid down by the Government.

The diverse remuneration structures of the ADF and APS are explained further in this section.

ADF remuneration

The independent Defence Force Remuneration Tribunal, established under section 58H of the *Defence Act 1903*, is responsible for setting pay and pay-related allowances for ADF members.

The ADF Workplace Remuneration Arrangement 2014–17 is a key component of the ADF remuneration framework. The arrangement is part of the ADF remuneration initiative aimed at attracting and retaining military personnel and forms a significant part of the Defence offer to the ADF.

The Workplace Remuneration Arrangement increases pay and pay-related allowances. Other conditions of service are determined by the Minister for Defence under section 58B of the *Defence Act 1903*. The current arrangement expires on 1 November 2017. Table 7.17 details salary ranges for permanent ADF members as at 30 June 2016.

Table 7.17: ADF Permanent Force salary ranges as at 30 June 2016

Rank	Salary range (\$)	
	Minimum	Maximum
Officer of the Permanent Forces		
General (equivalent) ¹	570,290	814,700
Lieutenant General (equivalent) ¹	402,130	574,470
Major General (equivalent) ²	226,446	276,151
Brigadier (equivalent) ^{2, 3}	158,459	252,530
Colonel (equivalent) ^{2, 3, 5}	142,034	241,086
Lieutenant Colonel (equivalent) ^{2, 5}	120,800	229,410
Major (equivalent) ^{2, 5}	84,621	206,659
Captain (equivalent) ^{2, 5}	66,277	196,152
Lieutenant (equivalent) ⁴	55,095	115,488
2nd Lieutenant (equivalent) ⁴	51,475	107,813
Other rank of the Permanent Forces		
Warrant Officer Class 1 (equivalent)	75,051	115,511
Warrant Officer Class 2 (equivalent)	69,125	107,032
Staff Sergeant (equivalent)	66,807	103,255
Sergeant (equivalent)	59,732	98,748
Corporal (equivalent)	51,617	90,297
Lance Corporal (equivalent)	47,480	83,928
Private Proficient (equivalent)	46,499	82,947
Private (equivalent)	45,537	81,989

Notes

1. General (equivalent) and some Lieutenant General (equivalent) rates are set by the Remuneration Tribunal.
2. Includes rates for medical officers.
3. Includes rates for chaplains.
4. Includes transitional rates for other rank appointed as officer.
5. Excludes medical procedural specialist.

ADF Super and ADF Cover

In July 2016, Defence implemented a new superannuation package for the military, called ADF Super. ADF Super is the default superannuation fund for all new permanent ADF members and members of the Reserves on continuous full-time service from 1 July 2016. The new superannuation arrangements provide more flexible and portable superannuation that recognises the unique nature of military service for Australia's service men and women.

ADF Super has an employer contribution rate of 16.4 per cent. From 1 July 2016, ADF members will be able to transfer their accumulated ADF Super benefits to a fund of their choice at any time, including if they leave the ADF.

ADF Cover, the statutory death and invalidity scheme that will apply to ADF Super members, and those who choose another fund, does not require any personal contributions and is consistent with the cover provided by the Military Superannuation and Benefits Scheme.

APS remuneration

Table 7.18 reflects Defence APS salary rates as at 30 June 2016. While the majority of Defence employees receive salaries within the standard ranges, the Defence Enterprise Collective Agreement has built-in flexibility to vary remuneration and other benefits so that Defence can develop, attract and retain selected employees with the necessary skills and knowledge to deliver capability. These individual flexibility arrangements are referred to as Building Defence Capability Payments.

Table 7.18: APS salary ranges as at 30 June 2016

Classification	Minimum salary (\$)	Maximum salary (\$)	Individual flexibility arrangements ¹ (\$)
SES pay arrangements			
SES Band 3	235,711	280,839	515,000
SES Band 2 ²	189,558	236,846	360,500
SES Band 1 ³	156,215	199,981	276,395
Non-SES pay arrangements⁴			
	Minimum salary (\$)	Maximum salary (\$)	Special pay points (\$)
Executive Level 2	111,559	133,905	179,276 ⁵
Executive Level 1	96,084	108,382	133,905 ⁶
APS Level 6	76,023	86,844	89,463 ⁷
APS Level 5	69,395	74,331	74,904 ⁸
APS Level 4	63,236	69,038	
APS Level 3	55,825	61,512	
APS Level 2	49,009	55,096	55,663 ⁹
APS Level 1	43,306	48,613	

Notes

1. Maximum salary paid under an individual remuneration arrangement shown.
2. Includes rates for Chief of Division Grade 2 and Medical Officer Class 6.
3. Includes rate for Chief of Division Grade 1 and Medical Officer Class 5.
4. Salary ranges provided under the Defence Enterprise Collective Agreement.
5. Maximum rate for Executive Level 2.1, Executive Level L2.2, legal and science specialist structures and Medical Officer Class 3 and 4.
6. Maximum rate for public affairs and legal specialist structures and Medical Officer Class 1 and 2.
7. Maximum rate for Public Affairs Grade 2 retained pay point.
8. Maximum rate for Senior Technical Officer Grade 1 retained pay point.
9. Maximum rate for Technical Assistant Grade 2 retained pay point.

Senior Leadership Group remuneration

ADF: All ADF senior officers (excluding statutory office holders) are remunerated under the ADF Workplace Remuneration Arrangement 2014–17. Other non-pay-related conditions of service are determined by the Minister for Defence under section 58B of the *Defence Act 1903*.

Statutory officers: Statutory office holders, including the Secretary and the Chief of the Defence Force, are remunerated under determinations decided by the independent Remuneration Tribunal, under the *Remuneration Tribunal Act 1973*.

APS: SES remuneration is set by a single determination made under section 24(1) of the *Public Service Act 1999* and supplemented on an individual basis by common law agreements.

These arrangements also include access to leave, learning and development, performance management, travel and relocation assistance, remote localities allowances, and consultation and dispute resolution provisions.

Performance pay

Under the current Defence Enterprise Collective Agreement, non-SES employees are able to progress through their salary range subject to fully effective or better performance. Employees at the top of the range receive a 1 per cent lump sum bonus. This bonus is considered a form of performance pay.

An SES employee may be paid a performance bonus at the discretion of the Secretary, either as an incentive and reward for exceptional performance or as a retention incentive to remain in an identified role.

Performance-based pay is not a feature of any existing ADF remuneration framework. Career development opportunities, including promotion, are the key recognitions of performance.

Aggregated performance payments for Defence as a whole for 2015–16 were \$14.4 million. Table 7.19 shows SES and non-SES employee performance payments in Defence in 2015–16.

Table 7.19: **SES and non-SES employee performance payments, 2015–16**

Classification	No. of employees	Aggregated performance pay amount (\$)	Average performance pay amount (\$)
APS Level 1	100	69,951.67	699.52
APS Level 2	800	565,736.85	705.41
APS Level 3	1,467	1,035,885.31	700.40
APS Level 4	1,734	1,189,766.26	678.32
APS Level 5	2,824	2,075,492.95	725.44
APS Level 6	4,488	3,464,012.88	762.49
Executive Level 1	3,599	3,818,310.56	1,050.72
Executive Level 2	1,474	2,041,021.24	1,358.87
SES Band 1	3	49,391.06	16,460.35
SES Band 2	3	82,315.10	27,438.37
SES Band 3	2	43,082.00	21,541.00

Note: The annual performance cycle is from 1 September to 31 August.

Managing and developing staff

Defence continued to make progress in the development of its APS workforce to deliver capability needs.

In 2015–16, there was a strong focus on APS leadership development, with an increased number of staff attending Australian Public Service Commission programs. Internal programs were refreshed to reflect the One Defence leadership behaviours, including Capstone (a program aimed at SES Band 1 and military one-star officers), Catalyst (aimed at Executive Level 1 and 2 employees), and Gateway (aimed at employees at the APS 5 and 6 levels).

The Defence Leading for Reform program, which aims to equip executive-level employees with the skills to successfully lead and deliver across a range of reform activities associated with the First Principles Review, was delivered to six cohorts, with 40 executive-level employees in each cohort. All executive-level employees in the enabling functions will complete the program in the next two years.

A 360-degree feedback program was implemented across the Defence senior leadership, focused on individual development needs, particularly as they relate to the One Defence leadership behaviours.

The executive-level talent management program was run for the fifth consecutive year, and continues to be a key investment in the future capability of Defence leaders.

A skills census was completed to identify trends or shortages in particular skills, knowledge or qualifications across the Defence APS. Professionalisation programs exist for a number of Groups and job families across the Defence APS, with employees completing formal qualifications that will assist them to deliver on current and future job requirements.

A range of new training was developed to support Defence's commitment to diversity and inclusion, and to enhance the skills of the Defence workforce.

Three APS employees are undertaking PhDs under the Sir Roland Wilson Foundation PhD scholarship scheme, based at the Australian National University (ANU). This APS-wide scheme is the result of a partnership between the Commonwealth Government and the Sir Roland Wilson Foundation. It is designed to nurture future senior leaders in the APS and provide them with learning and development opportunities at the ANU. Two Defence scholars started their PhDs in 2014 and will finish in early 2017; a third started early in 2016 and is expected to complete her studies in 2019. The scholarships cover a diverse field of military and defence studies: management of military training areas, psychological and mental health outcomes across the military lifecycle, and Australia's extraterritorial human rights obligations.

Work health and safety

Health and safety remained a key Defence priority in 2015–16. Work health and safety (WHS) activities focused on improving health and safety outcomes through enhanced governance arrangements. This included strengthening accountabilities, improvements to event reporting, and alignment with First Principles Review reforms.

The Defence Work Health and Safety Committee continued its focus on strategic-level issues, including implementation of the 2012–2017 WHS strategy. The strategy aims to improve WHS management and performance, ensuring hazards and risks are managed. A new WHS strategy will be developed during 2016–17.

Specific initiatives included realigning functions to deliver targeted and simplified WHS information, and aligning services with corporate-level service delivery reforms resulting from the First Principles Review. The improved delivery of APS rehabilitation services is expected following integration into the corporate WHS function.

Defence is embedding WHS into the capability lifecycle through clearly defined accountabilities from concept to design, development, introduction into service, use and disposal of goods and other items.

Defence also continued to work collaboratively with Comcare. The annual Defence–Comcare liaison forum and Comcare representation on the Defence Work Health and Safety Committee is improving performance by closely working with the regulator to prevent WHS events from occurring, and ensure more effective management when they do occur.

Hazardous chemicals and enforceable undertaking

Defence remained focused on the effective management of hazardous chemicals since the lifting of the Comcare enforceable undertaking in 2013, and the subsequent application of the cooperative compliance program with Comcare.

This has included ensuring that systemic improvements to hazardous chemicals management and awareness are embedded in Defence processes and procedures. A key aspect of improvement involved hazardous chemicals training. In 2015–16, training completions exceeded 5,000 personnel.

A hazardous chemicals core skills framework was also designed to create a skills pathway for personnel involved in the handling and management of hazardous chemicals.

Defence is prepared for transition to the Globally Harmonized System of Classification and Labelling of Chemicals system by 31 December 2016 as part of cross-government reforms. Key activities included the preparation of communication materials and working with manufacturers and suppliers of hazardous chemicals to align Defence with supplier and industry standards.

WHS policy development and achievements

Work began on revising the Defence WHS manual to simplify and streamline structure and content. The purpose is to deliver a manual that is easy to navigate and understand.

In 2015–16, six policies were implemented, covering:

- WHS roles, responsibilities and accountabilities
- management of safety risks
- WHS due diligence
- WHS in the capability lifecycle
- base WHS management system accountabilities.

The policies are now available to all staff through the Defence WHS manual.

Policy development is being informed by improved reporting and analysis. A new user interface for WHS event reporting through Sentinel (the corporate WHS management information system) was delivered in February 2016 to enable more accurate data entry and analysis.

The safety trend analysis reporting solution (or 'STARS') was also delivered in 2015–16 to improve WHS analysis and reporting through the integration of multiple datasets, including hazard, audit, and APS Comcare compensation data.

Defence conducted 120 WHS audits during 2015–16. This comprised 75 safety management system and 45 compliance audits in the risk areas of hazardous chemicals and joint special licences for plant. The audit program aims to improve business performance, and provide information regarding the application of Defence policy and compliance with relevant WHS legislation.

Comcare interventions

During 2015–16, Comcare undertook 327 inspections across Defence based on known high-risk areas and issued three improvement notices. In addition to partnering with Comcare on inspections, Defence actively investigates safety incidents. In 2015–16, investigations focused on psychosocial factors, hazard exposures and safety systems. Defence uses these interventions to develop or refine associated hazard reduction programs and improve WHS performance. The identification in 2015–16 of the requirement for a psychosocial risk management strategy is illustrative of how this work informs WHS priorities.

Table 7.20 shows the number of notices that Comcare issued to Defence during 2015–16 and the preceding two years.

Table 7.20: Work health and safety—Comcare notices, 2013–14 to 2015–16

Reports	2013–14	2014–15	2015–16
Improvement notices ¹	1	–	3
Prohibition notices ²	–	–	–
Do-not-disturb notices ³	–	–	–
Enforceable undertakings ⁴	–	–	–

Notes

- Improvement notices are based on incidents and occurrences that contravene the WHS legislation.
- Prohibition notices are issued to remove an immediate threat to the health or safety of workers.
- Do-not-disturb notices are issued for a specific period of time to remove a threat to the health or safety of personnel.
- Enforceable undertakings—Comcare may accept a written undertaking to fulfil an obligation under the WHS legislation.

The number of notifiable WHS incidents continued to decline in 2015–16, as shown in Table 7.21. Figure 7.2 shows the percentage of Defence personnel involved in WHS incidents, by severity, in 2015–16.

Table 7.21: Work health and safety incidents and number of people involved, 2012–13 to 2015–16

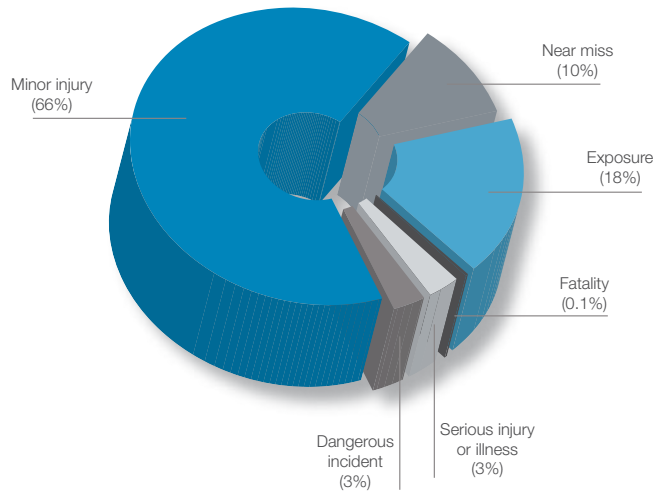
	2012–13		2013–14		2014–15		2015–16	
	No. of incidents ²	No. of people involved in an incident ³	No. of incidents ²	No. of people involved in an incident ³	No. of incidents ²	No. of people involved in an incident ³	No. of incidents ²	No. of people involved in an incident ³
Fatality ¹	15	15	8	8	13	13	10	10
Serious injury or illness ¹	986	986	629	629	588	590	462	478
Dangerous incident ¹	1,484	1,000	740	551	302	631	292	438
Minor injury	11,952	11,952	11,968	11,958	11,139	11,179	9,998	10,098
Near miss	33	26	832	553	1,121	1,212	1,173	1,498
Exposure	6,144	6,143	4,333	4,452	1,248	1,926	1,096	2,766
Total	20,614	20,122	18,510	18,151	14,411	15,551	13,031	15,288

Notes

- Fatalities, serious illness and injuries, and dangerous incidents are notifiable to Comcare.
- The 'Number of incidents' columns show the number of incidents occurring in the relevant financial year; however, a single event can include multiple individuals.
- The 'Number of people involved in an incident' columns show the number of employees harmed or at risk in the event. One event may result in multiple injuries or none.

Note: Incidents are recorded on the date of the event. A single event can include multiple individuals. A total of 246 events were excluded where the severity was unknown.

Figure 7.2: Percentage of Defence personnel involved in WHS incidents, by severity, 2015–16



Note: The pie chart shows incident severity for each person involved in a WHS incident as a percentage of total Defence personnel in 2015–16.

Work health and safety culture

Defence continues to maintain a positive safety culture, and will continue efforts to mainstream work health and safety as a critical element of business effectiveness across the organisation. The YourSay survey measures the attitudes of Defence staff to aspects of work health and safety. The 2015–16 results are consistent with those of previous years, as shown in Table 7.22.

Table 7.22: Attitudes to work health and safety, results of YourSay survey, 2013–14 to 2015–16

Attitude survey statement	ADF			APS		
	2013–14 Agree (%)	2014–15 Agree (%)	2015–16 Agree (%)	2013–14 Agree (%)	2014–15 Agree (%)	2015–16 Agree (%)
Health and safety is treated as an important issue in my workplace	91	92	90	87	86	85
I know how/where to obtain safety information relevant to my workplace	92	92	92	87	89	88
When I report an accident/injury/incident/hazard, I believe that appropriate action will be taken	85	85	84	83	82	81

Cultural change

March 2016 marked the fourth year of *Pathway to Change: Evolving Defence Culture* implementation. As at 30 June 2016, 98 per cent of the 175 Pathway to Change key actions and recommendations from the six culture reviews have been finalised.

Defence has transitioned from implementation of recommendations to cultural programs and initiatives. Progress was made towards full-time implementation of flexible career models, enhanced career pathways, military justice reform and completing the final steps in the removal of gender restrictions from ADF combat role employment categories.

Defence has completed its second year of collaboration with the Australian Human Rights Commission. This included visits by the Commission to Defence establishments to examine particular aspects of culture and gauge the effectiveness of particular strategies, and to provide input into current and future organisational reform initiatives.

Pathway to Change evaluation, including internal surveys of employee attitudes and behaviours, indicates that positive change is occurring—for example:

- Overall, awareness and adoption of Pathway to Change has improved since 2013.
- Demonstrable change was achieved in Defence's training establishments, with a reduction in incidents of unacceptable behaviour experienced by trainees and cadets.
- Defence survey data indicates leadership is delivering on the 'zero tolerance' message, with Defence people better equipped to report unacceptable behaviour than they were in previous years.
- Confidence in the prevention and effective management of unacceptable behaviour has improved in the last three years, although Defence needs to make more substantial progress.
- Defence people continue to report that Defence's commitment to creating a diverse and inclusive workforce is high.

Defence is using such information to inform the next stages of culture reform, from 2017 into the future.

In May 2016, the Senior Leadership Group came together to discuss the progress of Pathway to Change, leadership accountability and the required behaviours to deliver the First Principles Review reforms, and the next steps to shape future cultural reform in Defence.

Complaint handling and resolution

Defence people have the right to complain if they are aggrieved by matters relating to their employment. ADF members (Permanent Forces and Reserve) may apply for redress of grievance under the provisions of Part XV of the Defence Force Regulations 1952. APS employees may seek a review of actions under the *Public Service Act 1999*.

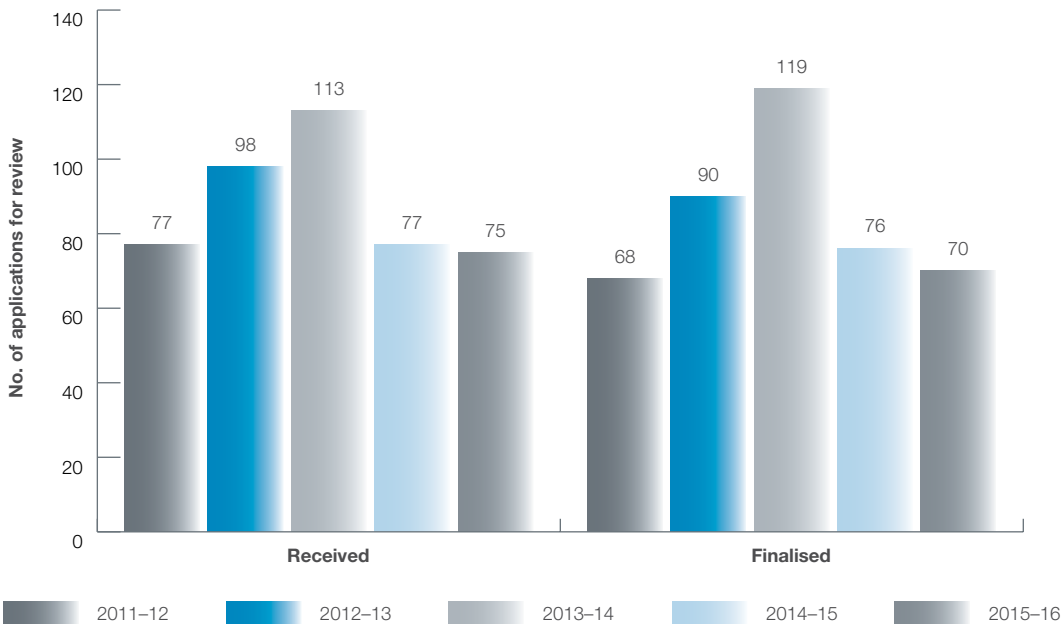
APS review of actions

Section 33 of the *Public Service Act 1999* establishes a review of actions scheme and allows non-Senior Executive Service APS employees to seek review where they have a complaint about an action or a decision relating to their employment. Defence received 75 applications for review of actions in 2015–16, which was consistent with the previous year (Figure 7.3).

The following subjects featured most regularly in the applications for review:

- performance management, assessment and reporting
- management of unacceptable behaviour complaints by line management
- security clearance decisions
- staff selection and the allocation of duties
- access to leave or other employment conditions.

Figure 7.3: APS review of actions applications received and finalised, 2011–12 to 2015–16



Unacceptable behaviour

Defence people can make a complaint about any incident of unacceptable behaviour they have experienced or witnessed in the workplace. Complaints of unacceptable behaviour are reported and recorded in a central database. Guidance and support is available to ensure that complaints are managed and resolved appropriately.

All Defence personnel are required to undertake annual workplace behaviour training, which includes information about expected behaviours and guidance on making and managing complaints.

In 2015–16, 693 complaints of unacceptable behaviour were recorded in the Defence complaints management, tracking and reporting system (known as ‘ComTrack’). This is a decrease on the previous year’s complaint numbers and reflects ongoing efforts across Defence to reduce the incidence of unacceptable behaviour.

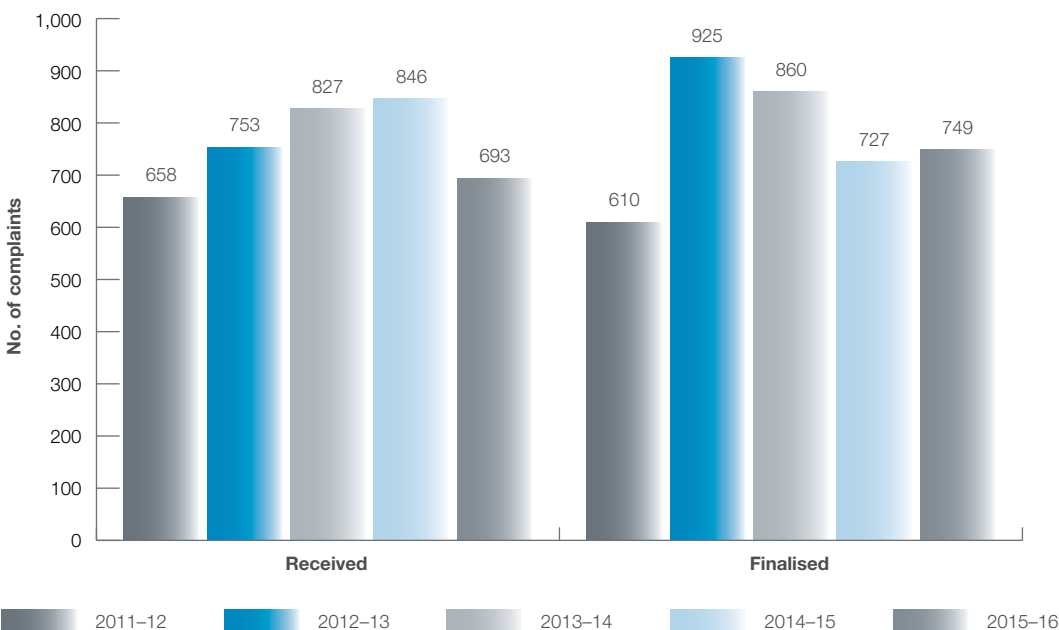
Unacceptable behaviour complaints fall into the following six main categories:

- abuse of power
- discrimination
- harassment
- sexual harassment
- workplace bullying
- inappropriate workplace relationships and conflict of interest.

On average, between 80 and 90 per cent of unacceptable behaviour incidents are at a level where local management is the most appropriate course of action. However, between 10 and 20 per cent are of a seriousness that results in a formal disciplinary or administrative outcome. Defence encourages the use of alternative dispute resolution and the majority of complaints continue to be resolved informally. The number of complaints of alleged unacceptable behaviour represents complaints from less than 1 per cent of the Defence workforce.

Figure 7.4 shows the number of unacceptable behaviour complaints received and finalised in 2015–16 and the preceding four years.

Figure 7.4: **Unacceptable behaviour complaints received and finalised, 2011–12 to 2015–16**



Defence Administrative Assistance Program national rollout

The Defence Administrative Assistance Program (DAAP) is a partnership with local Australian disability enterprises to provide people with disability the opportunity to engage in meaningful work.

Australian disability enterprises are, generally, not-for-profit organisations providing supported employment opportunities to people with disability. They are registered with the Department of Social Services and adhere to an independent quality assurance system.

Defence currently has DAAP teams in Gallipoli Barracks and RAAF Amberley, Queensland, RAAF Edinburgh, South Australia, and HMAS Stirling, Western Australia.

By the end of 2016, there will also be teams at Victoria Barracks Melbourne, Victoria, Holsworthy Barracks, New South Wales, and Lavarack Barracks, Queensland.

At a recent DAAP launch, the Secretary of Defence, Mr Dennis Richardson, acknowledged the capability that these teams provide Defence.

‘Defence achieves its strategic aims through a lot of people working together’, he said.

‘Through providing this service, staff time that would otherwise be taken up with fulfilling administrative duties becomes available for core tasks.’

Cody from DAAP Gallipoli said he loves being part of the team.

‘The people here are some of the nicest I have ever met and I feel like I’m helping out Australia in some way by working for Defence’, he said.

Tyler and Andrew from DAAP Stirling said it was a dream come true to work at Garden Island in Western Australia.

‘A year ago we never thought we’d have the opportunity to work in such an exciting place’, they said. ‘We are increasing our confidence and see a genuine pathway to open employment.’

‘This feels like a real job.’



The Secretary of Defence, Mr Dennis Richardson AO, with participants in the Defence Administrative Assistance Program during his visit to RAAF Amberley.

Reporting on sexual misconduct

The Defence Sexual Misconduct Prevention and Response Office (SeMPRO) provides Defence personnel with victim support; case management services, including assistance through formal reporting, investigation and legal processes; and educational resources.

Victim services encompass a 24/7 telephone response service for Defence people seeking help with their experiences with sexual offences and sexual harassment. There is also assistance available for commanders, managers and colleagues for managing sexual misconduct incidents. In 2015–16, 258 clients were assisted with support and case management; incident management advice and information; debriefing and other mental health support; and information on SeMPRO services, civilian assaults, and other behaviour management systems in Defence. SeMPRO is also a primary data collection point for sexual misconduct incidents formally reported to Defence. The SeMPRO supplementary report contains detailed information on SeMPRO service provision and formally reported incidents in Defence in 2015–16.

A Sexual Ethics Education in Defence primary prevention program was developed to ensure all military personnel have the appropriate knowledge, skills and attitudes needed to make sound ethical decisions in their sexual relationships. Designed to be command led, the program reinforces a zero tolerance culture towards sexual misconduct and reflects a Defence workplace that is respectful of the sexual safety of all.

The role of bystanders in sexual assault primary prevention is an area of focus for 2016–17. Defence is developing products aimed at increasing awareness of the active bystander's role and embedding attitudes that empower personnel to be active in primary prevention.

The *SeMPRO supplementary report 2015–16* is available online at www.defence.gov.au/annualreports/15-16.

Diversity in Defence

Defence is creating a more diverse and inclusive culture, which will assist Defence to access the broadest available talent in Australia and harness the capability benefit and improved decision making that a diverse workforce generates, and to achieve its cultural reform efforts.

The Defence Diversity and Inclusion Strategy 2012–2017 identifies the five strategic goals that underpin successful diversity and inclusion in Defence and identifies Defence's diversity priorities:

- women
- Indigenous Australians
- people with disability
- people from culturally and linguistically diverse backgrounds
- lesbian, gay, bisexual, transgender and intersex people.

In 2015–16, Defence implemented programs and initiatives that harness the diverse knowledge, skills and attributes of its people. Through diversity, Defence gains the varied perspectives needed to deal with complex problems and develop innovative solutions.

Women

Defence has implemented a range of initiatives to increase the number of women in both the ADF and the APS since the 2011 Review into the Treatment of Women in the Australian Defence Force and the 2011 Review of Employment Pathways for APS Women in the Department of Defence. These initiatives are focused on attracting, recruiting and retaining women, removing the barriers to career progression, and facilitating career development through mentoring and leadership opportunities. To increase the representation of women on Australian Government boards, Defence has more widely utilised the government BoardLinks information. Women represent 34.5 per cent of Defence board appointments, with 35.1 per cent of new appointments being women.

All ADF employment categories are now open to women and new female recruits. This allows selection for all ADF positions based on a person's ability to do the job and will increase employment and career opportunities for women in the ADF. Cultural reform activities that have enabled this initiative are continuing. Further information on women in the ADF can be found in the 'Women in the ADF' report (see page 116).

The representation of women in the Defence APS has increased from 40.6 per cent at 30 June 2015 to 41.2 per cent at 30 June 2016, although continues to be well below that of the wider APS.

There has been improvement in the representation of women at SES levels, with an increase of 2.5 per cent so that women now represent 29.8 per cent of the Defence SES. This gain did not translate into improvement at Executive Levels 1 and 2 (remaining at 29.4 per cent) or for the APS 1 to 6 group (remaining at 45.7 per cent).

In 2015–16, further initiatives were implemented to address the structural and cultural barriers preventing women from achieving their full potential and full participation. These initiatives included:

- a leadership inclusion program, cascaded down from the senior leadership to Executive Level 2 officers with large supervisory responsibilities. This served to raise understanding of the impact of bias and to build inclusive leadership practices
- increased representation of women in Executive Level 1 and Executive Level 2 talent programs
- a group mentoring program for women from APS 5 to Executive Level 1, in Canberra, Sydney and Melbourne
- gender targets for the recruitment of APS graduates, with marketing for engineering, science and information technology streams more targeted at women
- initiatives and partnerships with industry and academia that are aimed at attracting women studying science, technology, engineering and mathematics to work in Defence
- cultural awareness activities in specific areas in Defence to raise understanding of the impact of unconscious bias
- revised guidelines to support the diversity of selection panels for Defence APS recruitment.

‘Women in the ADF’ report

The ‘Women in the ADF’ report is published as an online supplement to the Defence annual report for the third time this year. The report addresses elements of recommendation 3 from the Australian Human Rights Commission *Review into the treatment of women in the Australian Defence Force—Phase 2 report*, including women’s participation, women’s experience and access to flexible work. It is also the mechanism for the Services to report against achievements for recommendation 6—promotional gateways; recommendation 9—recruitment targets; and recommendation 13—flexible work arrangements targets.

The report presents a range of workforce and attitudinal data and compares the current year’s data with that of the previous year to gain an indication of the progress Defence has achieved. It shows that, since the commencement of *Pathway to Change: Evolving Defence Culture* and the implementation of the *Review into the treatment of women in the Australian Defence Force—Phase 2 report* recommendations, Defence has put considerable effort into growing and advancing the female ADF workforce. As at 1 June 2016, the participation rate of women in the ADF reached 15.5 per cent, an increase from 15.3 per cent in June 2015. The report also highlights areas that require more comprehensive analysis, allowing Defence to prioritise further research on gender diversity.

Defence will continue to produce a ‘Women in the ADF’ report each year. This will enable an accurate measurement of progress on women’s employment and experience, identify areas of concern and highlight successful initiatives across the three Services.

The *Women in the ADF Report 2015–16* is available online at www.defence.gov.au/annualreports/15-16.

Indigenous participation and engagement

The Defence Reconciliation Action Plan 2015–2018 commits Defence to a range of activities under Reconciliation Australia’s themes of relationships, respect and opportunities.

Defence partnered with Indigenous organisations such as the Clontarf Foundation, the Australian Indigenous Education Foundation and the Australian Indigenous Mentoring Experience Indigenous Corporation to assist Indigenous youth to explore Defence careers.

Acknowledgement of Country plaques were installed at Defence establishments and, in honour of the traditional custodians, the Defence theatre in Canberra was renamed the Ngunnawal Theatre. In addition, Indigenous ADF members visited Turkey and commemorated Indigenous soldiers who fell at Gallipoli.

By 2018, Defence is aiming for an Indigenous workforce representation of 2.7 per cent. Indigenous APS employees increased from 1.2 per cent in July 2015 to 1.7 per cent in July 2016, while Indigenous ADF permanent members increased from 1.5 per cent in July 2015 to 1.8 per cent in July 2016 (Figure 7.5 and Table 7.23). The Indigenous in Defence marketing campaign, the Indigenous Development Program and Indigenous pre-recruitment courses helped to increase the number of Indigenous people in Defence.

Defence engaged 72 new Indigenous APS employees through traineeship and apprenticeship entry-level programs managed by the Australian Public Service Commission, the Department of Human Services and the Department of Employment.

Defence conducted one of the largest affirmative recruitment activities of any Australian Government department. As a result, 81 APS positions were filled by Indigenous Australians at various APS levels across Australia.

Figure 7.5: Growth in permanent Indigenous participation in the Defence workforce

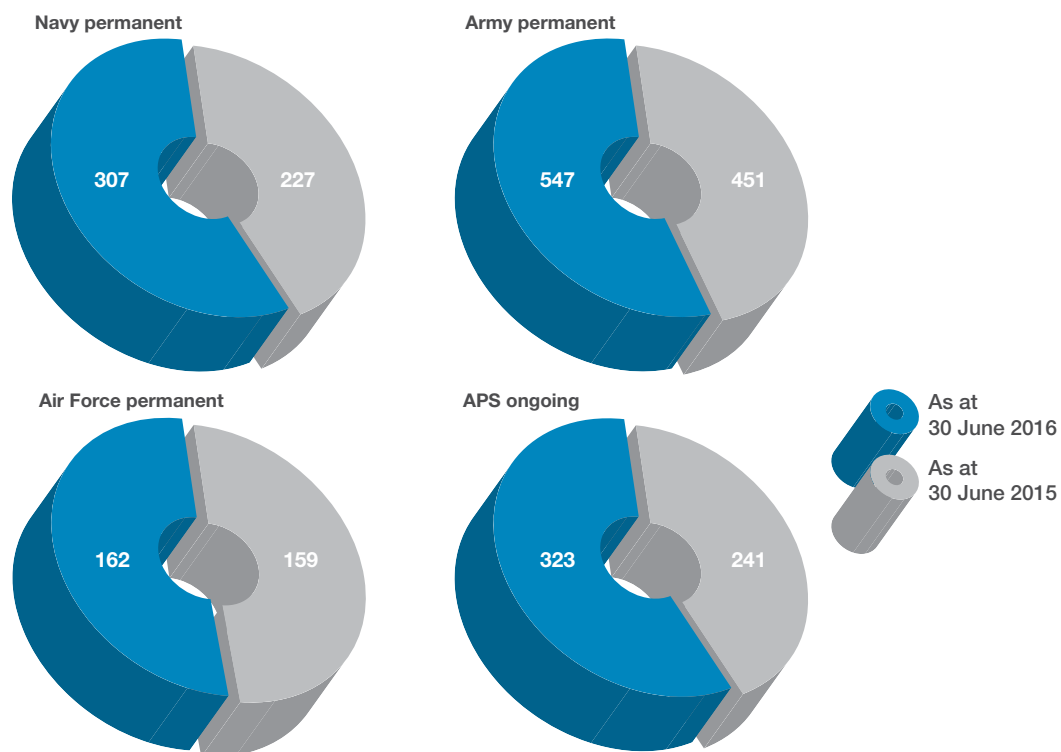


Table 7.23: Defence Indigenous personnel as at 30 June 2015 and 30 June 2016

	30 June 2015		30 June 2016	
	Number	% of total	Number	% of total
ADF				
Permanent	887	1.5	1,016	1.8
Active Reserve ¹	451	2.0	374	1.7
Navy				
Permanent	227	2.0	307	2.2
Active Reserve ¹	33	0.7	20	0.6
Army				
Permanent	451	1.5	547	1.8
Active Reserve ¹	377	2.8	307	2.3
Air Force				
Permanent	159	1.1	162	1.1
Active Reserve ¹	41	0.9	47	1.0
APS				
Ongoing	241	1.2	323	1.7
Non-ongoing	1	1.2	1	0.9

Note

1. Active Reserve figures include continuous full-time service.

Note: Data for this table is reliant on self-identification on the Defence human resource system; therefore, the data is likely to under-report actual participation rates.

People from culturally and linguistically diverse backgrounds

Defence's initiatives for people from culturally and linguistically diverse backgrounds complement existing efforts to build a diverse and inclusive workforce under *Pathway to Change: Evolving Defence Culture* and the Defence Diversity and Inclusion Strategy 2012–2017.

In 2015–16, Defence conducted work experience programs aimed at attracting students from culturally and linguistically diverse backgrounds to work in either the APS or ADF; developed a marketing campaign to promote ADF careers to people from culturally and linguistically diverse backgrounds; and adjusted the collection of personal data to align with the government-wide definition of 'culturally and linguistically diverse'.

People with disability

In 2015–16, Defence continued to implement programs to increase the number of people with disability in Defence and to reduce workplace barriers—for example:

- Defence engaged 12 ongoing employees with intellectual disability using the special measures provisions under the *Public Service Act 1999*.
- Defence is partnering with local community organisations to provide people with disability an opportunity to engage in meaningful work by providing administrative support at locations across Australia. The Defence Administrative Assistance Program began in 2014 in Brisbane and has now expanded to Canberra, Ipswich, Adelaide and Perth. In 2016–17, the program will commence in Townsville, Sydney, Melbourne and Darwin. As of July 2016, the program employs 115 people with disability.
- The Dandelion@Defence program provides people with autism spectrum disorder with unique skills and attributes the opportunity to work in information and communications technology jobs in Defence.
- Defence has implemented an improved, client-centric approach to support people with disability in accessing workplace adjustments and to eliminate workplace barriers.

The Defence Diversity and Inclusion Strategy 2012–2017 provides the principles, goals and outcomes to guide all programs and policy relating to disability in Defence. This strategy is aligned with the National Disability Strategy 2010–2020 and focuses on programs and policy that improve the lives of people with disability, promote participation and create a more inclusive organisation.

The Defence Diversity and Inclusion Strategy 2012–2017 is available at www.defence.gov.au/diversity.

Disability reporting mechanisms

Since 1994, non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service reports and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au. From 2010–11, entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been replaced by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014, and can be found at www.dss.gov.au.

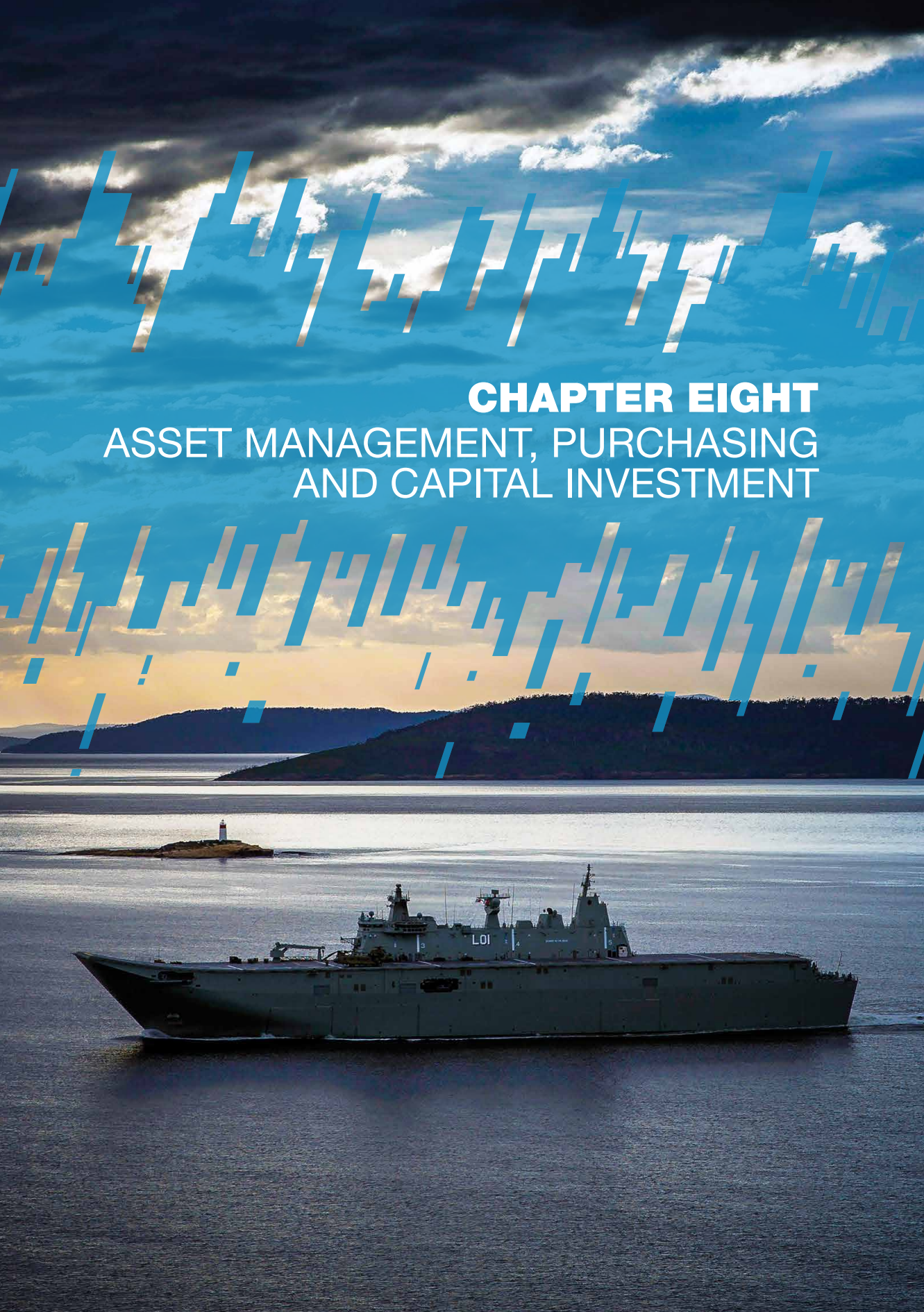
Lesbian, gay, bisexual, transgender and intersex people

Defence continues to value and support the inclusion of lesbian, gay, bisexual, transgender and intersex (LGBTI) people and seeks to create an inclusive workplace by driving long-term, sustainable LGBTI awareness and support structures.

In 2015, Defence established an LGBTI employee network, Defence Pride. The aim of Defence Pride is to support all people within Defence to create and be a part of safe, respectful and inclusive teams. Defence Pride supports all members of Defence to foster a culture of inclusion and respect, empowering our people to bring their whole selves to work each day, regardless of their sexual orientation or gender identity.

Defence continues to demonstrate a commitment to LGBTI inclusiveness by engaging with other government bodies and military organisations on best practice; supporting research in the LGBTI space; supporting ADF members and Defence APS employees to march in the Sydney Gay and Lesbian Mardi Gras Parade; and participating in the Australian Workplace Equality Index (AWEI).

The AWEI is a benchmarking initiative that assesses organisations' commitment to LGBTI workplace inclusion practices. Participation in this index provides Defence with comprehensive feedback on its LGBTI inclusiveness. At the 2016 AWEI awards, Defence was recognised for the second year in a row with Silver Tier status. Defence is one of the top 20 employers in Australia for a workplace inclusive of LGBTI people.



CHAPTER EIGHT

ASSET MANAGEMENT, PURCHASING AND CAPITAL INVESTMENT

Asset management

Defence manages \$94.1 billion of total assets. This includes:

- approximately \$56.2 billion of specialist military equipment
- \$25.4 billion of plant, land, buildings and infrastructure
- \$6.7 billion of inventory
- \$0.6 billion of heritage and cultural assets
- \$5.2 billion of other items, including cash, receivables and prepayments.

Defence Groups and the Services are accountable for the underlying business transactions and records that substantiate the reported financial balances of assets under their control. The Chief Finance Officer Group undertakes accounting processes to enable the accurate and timely reporting of asset balances and ensure that they are consistent with requirements for financial statement reporting defined in the Australian Accounting Standards.

Defence conducts an annual fair-value assessment of all assets. Previously, special military equipment had been exempt from this assessment. In 2015–16, this exemption was removed and special military equipment has been included in the fair-value assessment.

During 2015–16, Defence worked to secure and advance the improvements in financial and asset management achieved in previous years. This was achieved by:

- embedding the shared service delivery model for asset accounting to further enhance financial reporting of assets and deliver standardised policies and processes to support the management of assets
- a maturing data assurance framework and controls environment to swiftly identify and resolve asset management issues as they occur.

Delivering capability with Indigenous partners

In July 2015, the Government released an Indigenous Procurement Policy aimed at promoting employment and training opportunities for Indigenous Australians. The policy applies mandatory minimum requirements to all Commonwealth contracts delivered in Australia valued at \$7.5 million or more and where a majority of the goods or services required are in building, construction and/or maintenance services.

On 4 November 2015, the Australian Civil–Military Centre signed a contract with Indigenous media, communications and event company 33 Creative for the production of its latest civil–military–police educational film, *Leading Together*, marking the beginning of a strong relationship fostered under the Indigenous Procurement Policy.

Dr Alan Ryan, Executive Director of the Australian Civil–Military Centre, said the signing of the contract with 33 Creative was a very exciting opportunity for the Australian Civil–Military Centre to access the Indigenous suppliers program.

‘As a small organisation, we need to source outside expertise, such as that offered by 33 Creative, to produce high-quality resources for Australian Government agencies and for the international and non-government organisations that we work with’, said Dr Ryan.

The Australian Civil–Military Centre was recognised in the Prime Minister’s 2016 Closing the Gap report for the innovative approach taken in engaging with 33 Creative.



Contract signing ceremony at the Australian Civil–Military Centre—(back row, L–R) Mr Lyndon McCauley, Deputy Director of Engagement and Development; Ms Heather Emery, Business Operations Manager; Ms Georgia Cordukes, Director 33 Creative; Mr Greg Elliott, Deputy Executive Director; (front row, L–R) Dr Alan Ryan, Executive Director; and Ms Mayrah Sonter, Director 33 Creative.

The launch of the film is anticipated in September 2016 and will be a critical learning resource to support civil-military-police leaders and their staff in promoting the importance of coordination in crisis response.

The film is intended for use by the Australian Government and other Australian Civil-Military Centre stakeholders, including the United Nations, other governments, civilian organisations, the aid community, police forces and militaries.

Shortly after the launch of the Indigenous Procurement Policy, Defence's Capital Facilities and Infrastructure Branch leveraged the policy to contract Walga Mining and Services Pty Ltd (Walga). Walga was contracted to replace and remediate boundary fencing, establish firebreaks and erect signage on the Cultana Redevelopment Project at the Cultana Training Area in South Australia.

Walga is a 100 per cent Indigenous-owned company based in Whyalla, South Australia; this was the first Defence contract for construction works that Walga had been awarded under the policy.

Walga has a mainly young Indigenous workforce, with most of its employees coming from the Barngarla Nation. Defence has an Indigenous Land Use Agreement over the area with the Barngarla people, who are the native title holders of the Cultana area.

Executive Director of Walga, Elliott McNamara, is an advocate for skilling Indigenous youth so they can become self-supporting, and has provided a capable team that is delivering a quality product to support Defence's training activities at Cultana.

The works are scheduled to be completed in October 2016, and in this time Walga will have erected 300 kilometres of boundary fencing, established firebreaks and installed range danger and warning signage at the Cultana Training Area.



Walga Mining and Services machinery operator.



Walga Mining and Services employee installing perimeter fencing and security signage at the expanded Cultana Training Area.

Purchasing

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) requires high standards of governance, performance and public accountability.

Rather than prescribing detailed requirements, the PGPA Act creates a financial framework where entities have the flexibility to adopt appropriate systems and processes that help them to achieve diverse policy and statutory objectives efficiently and effectively.

The PGPA Act sets out the main principles and requirements of the Commonwealth Resource Management Framework. This includes the PGPA Act, the *Public Governance, Performance and Accountability Rule 2014*, the Commonwealth Procurement Rules and the Commonwealth Grants Rules and Guidelines. These documents give effect to the governance, performance and accountability measures covered by the PGPA Act. Defence implements the provisions of the Commonwealth Resource Management Framework through the accountable authority instructions issued by the Secretary and through associated departmental guidance.

In 2015–16, the Chief Finance Officer Group arranged for the updating and refinement of the departmental financial delegations, accountable authority instructions and associated financial guidance, giving effect to the requirements of the Commonwealth Resource Management Framework.

Defence undertakes procurement in accordance with the required purchasing policies and principles as articulated in the Commonwealth Procurement Rules and Defence policies.

The Commercial Division of the Capability Acquisition and Sustainment Group provides procurement advice and support to Defence staff exercising delegations under the PGPA Act for materiel and non-materiel procurement to ensure compliance with the Commonwealth Procurement Rules.

The Defence annual procurement plan is published on the AusTender website (www.tenders.gov.au). This provides industry notice of proposed Defence procurements to enable industry to prepare for the competitive tendering phase. Defence publishes open tenders on AusTender.

Procurement initiatives to support small business

Defence supports small business participation in the Commonwealth Government procurement market. Small and medium-sized enterprise and small enterprise participation statistics are available on the Department of Finance's website.

Defence recognises the importance of ensuring that small businesses are paid on time. The results of the survey of Australian Government payments to small business are available on the Treasury's website, www.treasury.gov.au.

The Defence Procurement Policy Manual and the Contract Template Selection and Tailoring Guide were updated to mandate the use of the Commonwealth Contracting Suite for suitable Defence procurements valued at under \$200,000. This reduces administrative costs and maintains consistency of commercial approaches across government when doing business with small to medium-sized enterprises.

Defence has implemented a mandatory procurement policy on the use of the Defence Purchasing Card as the method of payment for purchases of less than \$10,000 and for procurements at or above \$10,000 on a case-by-case basis, further reducing the administrative burden for payment to small and medium-sized enterprises.

To ensure compliance with the Department of Finance Resource Management Guide No. 417 — *Supplier Pay on Time or Pay Interest Policy*, Defence contracting templates include provisions that require the Commonwealth to make a self-generated interest payment for any late payment (and without the need for any further invoice) for all contracts valued up to \$1 million.

Australian industry participation

Australian industry continued to play a vital role in the acquisition and sustainment of Defence capability in 2015–16. The criticality of the Defence–industry partnership was recognised in the 2016 Defence Industry Policy Statement released on 25 February 2016. An essential element of the new Defence capability lifecycle is the inclusion of Australian industry as a fundamental input to capability.

The initiatives outlined in the Defence Industry Policy Statement include the Centre for Defence Industry Capability to be established in the second half of 2016 and the Sovereign Industrial Capability Assessment Framework and Defence Industrial Capability Plan to be in place in the second quarter of 2017. These initiatives will focus on matching Defence capability needs with a strengthened Australian industry to deliver them. Defence will also establish the Defence Innovation Hub and Next Generation Technologies Fund in 2016–17 to connect Defence capability needs with the innovation expertise of the Australian industry and academic base.

The Australian Industry Capability Program retained its focus on maximising Australian industry involvement in Defence acquisition and sustainment activities. Under the program, tenderers are required to develop Australian industry capability plans for projects at or above a threshold of \$20 million, detailing how Australian industry will be involved in project delivery. Defence closely monitors the implementation of the plans.

A number of major capability decisions in 2015–16 entailed significant long-term Australian industry involvement. This included the commitment to the construction of future submarines and the continuous build of surface vessels in Australia; the acquisition of 1,100 Australian-designed and manufactured Hawkei protected mobility vehicles; the Wedgetail airborne early warning and control system upgrades and sustainment contracts; and the strategic munitions interim contract utilising Mulwala and Benalla facilities.

Indigenous procurement policy

The Australian Government's Indigenous Procurement Policy commenced on 1 July 2015 and Defence was set a target of 70 contracts with Indigenous enterprises in 2015–16. Defence exceeded this target for 2015–16, with more than 100 contracts valued at more than \$100 million being placed with Indigenous enterprises (this number includes subcontracts let by Defence prime contractors). By 2020, Defence aims to increase its procurement activities with Indigenous businesses to 3 per cent.

In 2015–16, Defence developed a resource to assist Indigenous enterprises to develop and update capability statements to better market the services available to Defence. Defence participated in 'Meet the Supplier' forums conducted by the Department of Finance and Supply Nation, and in October 2015 Defence conducted its own 'Meet the Indigenous Supplier' forum. Defence was also a finalist in the 2016 Supply Nation Connect Awards in the government sector for its commitment to Indigenous enterprise.

Facilities and Infrastructure Program

The Facilities and Infrastructure Program of the Integrated Investment Program, previously known as the Major Capital Facilities Program, comprises approved and yet-to-be-approved major and medium projects.

The Facilities and Infrastructure Program typically consists of capital expenditure for major capital facilities and infrastructure projects, environmental remediation program projects, property disposals, acquisitions and fit-outs. It prioritises facilities such as airfields, wharves, training areas, explosive ordnance storage, fuel installations, and test and experimentation assets, as they are critical to the sustainment and generation of Defence capability. The Facilities and Infrastructure Program also funds investment in infrastructure such as living-in accommodation and underground utility infrastructure including sewage, stormwater, water, gas and power.

The planning and delivery of the Facilities and Infrastructure Program is a significant and important contributor to ensuring the estate is aligned with current and future force requirements. The program aims to meet the needs of the capability managers and the enabling workforce through:

- planning and delivery of new capability facilities projects
- aligning sustainment projects with new capability projects so delivery is more efficient and affordable
- acquiring and disposing of property in accordance with strategic requirements
- delivery of major redevelopment, sustainment and environmental remediation projects to ensure the estate is safe and available for use.

In 2015–16, 12 major capital facilities and infrastructure projects, valued at just under \$3 billion, were approved by Parliament. This was a record number of approvals, indicating a strong project pipeline for the next two years.

Expenditure was lower than estimated in the Portfolio Additional Estimates Statements. The end-of-financial-year expenditure was \$993 million, compared to an allocation of \$1.1 billion.

The following information about major capital projects and the Defence estate is available online at www.defence.gov.au/annualreports/15-16:

- Web Table 8.1: Top 30 major projects, performance summary as at 30 June 2016
- Web Table 8.2: Top 30 sustainment products, performance summary as at 30 June 2016
- Web Table 8.3: Top 30 major projects by expenditure, as at 30 June 2016
- Web Table 8.4: Top 30 major projects by expenditure, variations, as at 30 June 2016
- Web Table 8.5: Current status of top 30 major projects reported from 2010–11 to 2014–15
- Web Table 8.6: Major projects closed in 2015–16
- Web Table 8.7: New major projects transferred to Capability Acquisition and Sustainment Group in 2015–16
- Web Table 8.8: Top 10 minor projects, as at 30 June 2016
- Web Table 8.9: Minor projects closed in 2015–16
- Web Table 8.10: New minor projects transferred to Capability Acquisition and Sustainment Group in 2015–16
- Web Table 8.11: Top 30 sustainment products by expenditure, as forecast in the Portfolio Budget Statements 2015–16
- Web Table 8.12: Infrastructure investment projects approved by Government, 2015–16
- Web Table 8.13: Approved capital facilities projects, expenditure by state/territory and federal electorate
- Web Table 8.14: Performance of capital facilities projects, 2015–16
- Web Table 8.15: Status of capital facilities projects for consideration and approval by the Parliamentary Standing Committee on Public Works in 2015–16
- Web Table 8.16: Major Defence establishments and bases

Projects of concern

The projects of concern regime is a proven process for managing seriously underperforming projects at a senior level. Once listed, the primary objective of the regime is to remediate these projects by implementing an agreed plan to resolve any significant commercial, technical, cost and/or schedule difficulties. Projects of concern receive targeted senior management attention and must be reported on more regularly to the Government.

A significant change to the projects of concern list at the end of 2015–16 (Table 8.1) includes the successful remediation of the Direct Fire Support Weapons project (LAND 40, Phase 2) and subsequent removal of the project from the list.

Table 8.1: **Projects of concern as at 30 June 2016**

Project name	Project number and phase	Date added
Collins Class Submarines Sustainment	CN10	November 2008
Multi-Role Helicopter (MRH-90)	AIR 9000, Phases 2, 4 and 6	November 2011
Mulwala Redevelopment Project	JP 2086, Phase 1	December 2012
Air Warfare Destroyer	SEA 4000, Phase 3	June 2014
Australian Defence Satellite Communications Capability Terrestrial Enhancement	JP 2008, Phase 3F	September 2014

Defence will continue to actively manage the remaining projects of concern in 2016–17, in accordance with Government expectations.

Buzz builds around Joint Strike Fighter

The world's most anticipated new fast jet is a significant step closer to arriving in Australia. The United States Air Force has announced the F-35A Lightning II Joint Strike Fighter is ready to conduct basic close-air support, with limited suppression of enemy air defences, following its achievement of initial operational capability.

The F-35 development series, operating at 12 different locations worldwide, also passed the combined 65,000 flight-hour mark in 2016. This is an important milestone for this important capability scheduled to arrive in Australia at the end of 2018.

The Chief of Air Force, Air Marshal Leo Davies, said the Joint Strike Fighter represents the cutting edge of fifth-generation military aircraft technology.

'The Joint Strike Fighter will be a significant increase in our combat capability. Our training is already underway and we're building the infrastructure at Williamtown, ready for our first aircraft to arrive in late 2018', Air Marshal Davies said.

The works at RAAF Williamtown in New South Wales will include an F-35A operational precinct, runway pavement upgrades, explosive ordnance preparation facilities and engineering infrastructure.

Joint Strike Fighter division F-35A maintenance lead, Squadron Leader Scott Schultz, said there were many aspects to consider when planning a sustainment solution for the aircraft's capability.

'Australia has the most rapid acquisition and stand-up program of any partner country outside the United States', Squadron Leader Schultz said.

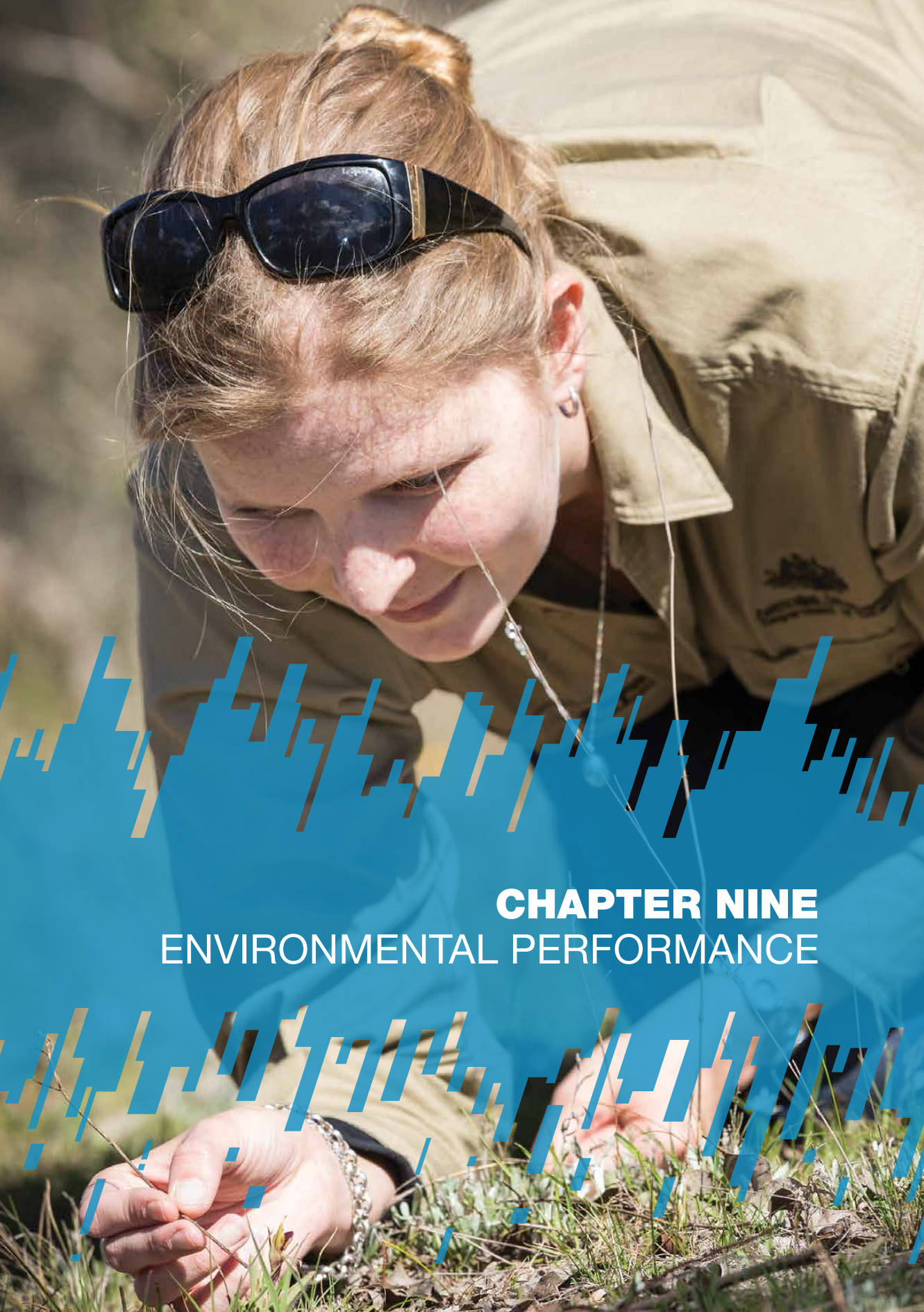
'We are going to bring a lot of aircraft online in a comparatively short amount of time, which is an exciting opportunity and a big challenge.'

Australia has 32 full-time personnel supporting the F-35 program in the United States across a range of specialisations, ensuring Australia has a key role in shaping outcomes for the new capability.



Pilot Al Norman, the F-35 Chief Test Pilot, conducting the first flight of Australia's first F-35A Lightning II Joint Strike Fighter at Fort Worth, Texas.



A woman with blonde hair tied back, wearing a tan military uniform and black sunglasses, is crouching in a field. She is looking down at a small plant in her hands. The background is a blurred natural setting. A blue graphic overlay with white and yellow geometric shapes is positioned across the lower half of the image.

CHAPTER NINE

ENVIRONMENTAL PERFORMANCE

Environmental performance

The Defence Environmental Policy and the Defence Environmental Strategic Plan 2016–2036 have been endorsed by the Secretary and the Chief of the Defence Force, and include the vision of Defence as ‘a leader in sustainable environmental management to support the ADF’s capability to defend Australia and its national interests’.

Defence takes seriously its role in environmental management and is committed to meeting Commonwealth environmental legislative and regulatory requirements, including those in the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). A range of environmental policies support the implementation of the strategic plan and seek to embed environmental considerations into everyday business and military processes, systems and activities. This ensures that sustainment and management of the environment are considered as core business and that Defence meets its obligations under the EPBC Act.

To ensure the most effective and efficient management of contamination on Defence sites, a Defence Contamination Management Strategy and a Defence Pollution Prevention Strategy are being implemented to ensure Defence achieves its objectives and delivers on its responsibilities for the management of contamination on the estate.

The environmental management system within the Defence Estate Quality Management System identifies and manages risks across the estate. This quality management system provides a platform for continuous improvement, compliance and best practice standards and policies for the estate and related services.

A Smart Infrastructure Manual guides Defence’s approach to ecologically sustainable development. Initiatives include:

- applying a whole-of-life approach and ecologically sustainable development as a design input for all capital facilities projects
- facilitating the consistent assessment and implementation of design options on an ecologically sustainable development and whole-of-life basis
- detailed reporting to monitor the application of ecologically sustainable development and whole-of-life requirements during a project
- establishing metrics and measurement systems required to support performance monitoring over the infrastructure’s whole life
- utilising ecologically sustainable development and whole-of-life project reporting to build corporate knowledge.

The Capability Acquisition and Sustainment Group’s environmental management system deals with the design of materiel systems. During 2015–16, the Group completed improvements to the system, including providing guidance on environmental legislation. An analysis of state and Commonwealth environmental legislation was conducted to assess the impact on the Group’s materiel engineering policy and guidance.

The Group also produced environmental requirements for the engineering and maintenance business functions, and continued its involvement in the Defence Environmental Policy and Defence Environmental Strategic Plan, including the development of a new Defence environmental plan.

Referrals under the Environment Protection and Biodiversity Conservation Act

Defence did not refer any new actions for formal consideration under the EPBC Act in 2015–16. Defence had three actions under assessment in 2015–16, two of which were approved in 2015, as shown in Table 9.1.

The Department of the Environment attached conditions to the approval EPBC 2014/7123 (Removal of heritage buildings at RAAF Amberley, Queensland), which are currently being implemented.

Rebuilding the Defence estate

Defence capability is intrinsically linked to the efficiency and effectiveness of its estate, which encompasses some 600 sites with around 30,000 assets.

However, many key bases are in need of significant remediation or expansion. New platforms such as the Canberra class amphibious ships and Hobart class air warfare destroyers will require different facilities. As operating platforms and assets change, all bases will need attention.

With the enhanced Defence presence in northern Australia, there is a growing need for supporting infrastructure in the region. That will involve upgrades to a number of bases as well as to facilities on Cocos (Keeling) Islands. The climate in the region is demanding on facilities and reduces the life of buildings by up to 50 per cent if they are not rigorously maintained.

'Our weapons ranges and training areas are becoming degraded and in some cases are increasingly not fit for purpose', said Deputy Secretary Estate and Infrastructure, Mr Steve Grzeskowiak.

The need to invest in the maintenance and renewal of the estate was recognised in the 2016 Defence White Paper, which underlined how important the estate is in enabling Defence to deliver on its responsibilities to the Government and the Australian community.

The Government's 2016 Integrated Investment Program provides for redevelopment and refurbishment of existing facilities, as well as the introduction of new facilities across the country. Funding has been allocated to allow Defence to address estate maintenance issues on a more systematic basis, thereby protecting the estate and reducing the cost of future works.

'A high priority of the program is to upgrade these training and testing facilities and ensure they support the introduction of new ADF weapon systems into the future', said Mr Grzeskowiak.

Additional investment in airfields is also programmed to ensure Defence facilities can support new, modern aircraft. Upgrades will include runways, taxiways and hardstand refurbishments, along with airfield ground-lighting upgrades and compliance work. A high priority has been placed on monitoring and maintenance to preserve the effectiveness of airfields once they have been remediated.

The investment will not be limited to expanding or remediating existing facilities. It will also involve modifying the Defence estate footprint to accommodate new high-technology capabilities and larger platforms, and to ensure Defence is appropriately placed to meet future strategic requirements.



Defence Base Support Officer Northern Territory Tindal, Mrs Sharon Durbidge (left), Base Support Manager RAAF Tindal, Mr Neal McDonald, and Royal Australian Air Force Airfield Engineer Base Support, Flying Officer Rebecca Sweeney check the plans and progress of the new development at RAAF Tindal.

Table 9.1: **Defence actions approved under the *Environment Protection and Biodiversity Conservation Act 1999*, 2015–16**

Defence action	EPBC Act referral number	Status
Removal of heritage buildings at RAAF Amberley, Ipswich, Queensland	2014/7123	Approved, subject to conditions, on 9 June 2015
Removal of heritage buildings from RAAF Williamtown, New South Wales	2014/7324	Referral determined it was not a controlled action (particular manner) on 16 October 2015 (approval is not required)
Flying operations of the F-35A Lightning II Joint Strike Fighter	2010/5747	Approved, subject to conditions, on 10 July 2015

Environmental improvement initiatives and review

Overall energy consumption during the year was reduced by 4.4 per cent. Energy, water and waste efficiency projects worth \$6.5 million were implemented and Defence's Smart Infrastructure Manual continued to ensure that resource efficiency and pollution prevention initiatives are integrated into the design and construction of new facilities.

During 2015–16, Defence:

- conducted contamination assessments and remediation across priority sites on the Defence estate
- commenced a complete review of the use and management of hazardous substances
- progressed the update of heritage management plans for seven of its Commonwealth heritage places
- partnered with universities to progress biodiversity initiatives—threatened species and biosecurity registers were updated for all relevant Australian properties
- continued to progress improvements to its bushfire policy and its preparedness for bushfires
- updated its procedures under the ADF Maritime Activities Environmental Management Plan, to ensure compliance with new environmental law and to incorporate risks associated with new capabilities—the Navy undertook 66 hull inspections for marine pests with none found
- assessed the risks to the enterprise posed by plans to reduce hydrofluorocarbon usage.

Base services contracts continued to improve kerbside collection data and waste streaming, and Defence commenced updates to the Waste Minimisation Policy.

Interdepartmental collaboration was undertaken to ensure best practice bulk storage of halon at the National Halon Bank.

Exercise Talisman Sabre 15, involving Australian and US ships and aircraft, was conducted in the Northern Australian Exercise Area without significant environmental incidents.

Defence fuel supply chain reform and initiatives

Defence is responsible for managing its fuel installations in order to avoid adverse environmental impacts. During 2015–16, Defence continued its program of hazard identification and risk assessments and control assurance reviews across the Defence fuel supply chain. Major focus points of these activities were the integrity of storage tanks; associated environmental monitoring facilities and leak detection processes; adequacy and condition of bunding; and wastewater treatment and management. In addition, separate engineering integrity technical reviews were completed on all underground pipelines and hydrant lines across the Defence fuel supply chain, with remediation works undertaken as required.

National perfluorinated compound environmental management program

A national perfluorinated compound (PFC) environmental management program was continued by Defence to assess contamination from the historical use of firefighting foams containing per- and polyfluorinated alkyl substances. Defence and other organisations in Australia and around the world have used these foams since the 1970s to suppress liquid fuel fires.

Defence investigated the extent of per- and polyfluoroalkyl substances in and around RAAF Williamtown and Army Aviation Centre Oakey, and initiated investigations at RAAF East Sale, HMAS Albatross and RAAF Pearce. Defence also commenced preliminary sampling at 13 other sites to inform future works.

Defence worked with Commonwealth, state, territory and local authorities, and made the verified results of investigations available to those authorities and local communities.

Climate change

Defence developed models of climate change impacts on humanitarian and disaster-relief mission frequency, location, scale and duration as part of preparedness planning. The study focused on addressing how climate change might impact the ability of training areas to deliver Defence capability. It determined physical mitigation strategies to assist in reducing this impact.

The Defence estate— environmental challenges

In 2015–16, Defence continued detailed environmental investigations into the presence of perfluorooctane sulfonate (PFOS) and perfluorooctanoic acid (PFOA) on and in the vicinity of RAAF Williamtown, New South Wales and Army Aviation Centre Oakey, Queensland, and the Australian Government has allocated \$55 million to address issues at those locations.

Defence began detailed environmental investigations into these compounds at another three sites, and conducted preliminary site investigations into these compounds at a further 12 sites.

Alongside military and civilian estate managers around the globe, Defence is undertaking a significant program of work to detect the presence of these compounds on and near its bases.

PFOS and PFOA were used in a range of industrial, commercial and domestic products for decades due to their ability to repel oil, grease and water. These products included aqueous film-forming foams, which were used for nearly 50 years on Defence and civilian facilities in Australia and worldwide due to their effectiveness in extinguishing liquid fuel fires.

Defence is working with the Department of the Environment and Energy and the Department of Health, as well as relevant state and territory authorities, to understand more about the presence of these compounds. Defence is actively researching and trialling methods for management and remediation of these compounds.

Defence is also meeting environmental challenges on other fronts. On 12 August 2015, the Australian Government announced the Department of Defence's commitment to ensuring its fleet tyres are managed and recycled in an environmentally sound way by joining Tyre Stewardship Australia.



L–R: The then Parliamentary Secretary for Defence, the Hon Darren Chester MP; Director Energy Efficiency, Environment Resource Management and Sustainability, Ms Stacey Hannon; Chair of the Tyre Stewardship Australia Board, Mr Gerry Morvell; Minister for the Environment, the Hon Greg Hunt MP; Commander Joint Logistics, Rear Admiral Clint Thomas; Deputy Secretary Estate and Infrastructure, Mr Steve Grzeskowiak; and Commandant of the Australian Defence College, Major General Simone Wilkie at Royal Military College–Duntroon in Canberra, for the Tyre Stewardship Australia announcement.



210

110210

CHAPTER TEN OTHER MANDATORY INFORMATION

Advertising and market research

During 2015–16, Defence conducted advertising for recruitment and other campaigns. Further information on those advertising campaigns is available in Table 10.3 and in reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website, www.finance.gov.au. Table 10.1 shows total advertising and market research expenditure by Defence during 2015–16. Table 10.2 shows Defence spending on advertising and market research by Service and Group.

Table 10.1: Total advertising and market research expenditure, by type of agency, 2015–16

Type	2015–16
	Expenditure (\$)
Advertising	20,166,599
Market research	1,913,142
Polling	–
Direct mail	–
Media advertising	48,615,062
Total	70,694,803

Note: All figures are GST inclusive.

Due to substantial changes to Defence's program and organisational structures resulting from the implementation of the First Principles Review during the period, expenditure data is provided for 2015–16 only. Please see www.defence.gov.au/annualreports for data from previous years.

Table 10.2: Total advertising and market research expenditure, by Service and Group, 2015–16

Service or Group	2015–16
	Expenditure (\$)
Navy	23,014
Army	29,201
Air Force	225,454
Defence Executive Support ¹	126,203
Vice Chief of the Defence Force Group	139,630
Joint Operations Command	–
Strategic Policy and Intelligence Group ²	16,023
Chief Finance Officer Group	–
Chief Information Officer Group	192,945
Capability Acquisition and Sustainment Group ³	62,808
Defence Science and Technology Group ⁴	34,332
Estate and Infrastructure Group	160,166
Defence People Group	69,685,027
Total	70,694,803

Notes

1. Defence Executive Support includes the functions and capabilities of the Associate Secretary. For the 2015–16 period, the Office of the Secretary and Chief of the Defence Force and the Defence Support and Reform Group were dissolved and their functions were consolidated into Defence Executive Support and across other Groups and Services.
2. The Strategic Policy and Intelligence Group was established on 8 February 2016 as a key recommendation of the First Principles Review.
3. The Capability Acquisition and Sustainment Group was established on 1 July 2015 as part of the First Principles Review.
4. Previously the Defence Science and Technology Organisation.

Note: All figures are GST inclusive.

Table 10.3 provides details of payments of more than \$12,700 (including GST) to persons or organisations for advertising campaigns and market research.

Table 10.3: Total advertising and market research expenditure, by Service or Group, and by type and company, 2015–16

Service or Group, type and company	Expenditure in 2015–16 (\$)	Purpose
Air Force		
Advertising		
Dentsu Mitchell	55,173	Australian Air Force Cadets position recruitment, Townsville Air Show advertising, and flying schedule and base activities notifications
Defence Publishing Service	19,840	Combat Control recruitment
Media advertising		
Last Minute Media	71,660	RAAF Museum advertising
Defence Executive Support		
Advertising		
Mitchell and Partners Australia	27,201	Advertising call for submissions regarding the inquiry into recognition for Far East prisoners of war killed while escaping or following recapture
ORIMA Research	24,644	Design and conduct customer satisfaction survey to optimise customer service delivery for the enterprise corporate and enabling services such as APS education and training; legal, audit and assurance; security; financial services; and ICT
ORIMA Research	25,788	Design and conduct customer satisfaction survey to optimise customer service delivery for the enterprise corporate and enabling services such as APS education and training; legal, audit and assurance; security; financial services; and ICT
Vice Chief of the Defence Force Group		
Advertising		
Mitchell Adcorp Alliance	17,452	Multiple public notices across Australia to advise the community of upcoming range noise due to military training or explosive ordnance activities
Cubic Promote	46,844	Promotional items for the Defence Work Experience Program
Strategic Policy and Intelligence Group		
Advertising		
Mitchell and Partners Australia	43,169	Geospatial intelligence analyst recruitment
Chief Information Officer Group		
Advertising		
<i>Amortisation of Telstra prepayments</i>	26,252	White Pages
<i>Amortisation of Telstra prepayments</i>	26,252	White Pages
<i>Amortisation of Telstra prepayments</i>	26,252	White Pages
Telstra	105,007	White Pages
Capability Acquisition and Sustainment Group		
Advertising		
Mitchell Adcorp Alliance	21,192	Non-ADF advertising costs for Government-directed recruitment of personnel for shipbuilding strategy and project
Defence Science and Technology Group		
Advertising		
Royal Institution of Australia	13,200	Advertisement in the <i>Ultimate Science Guide 2016</i> magazine
Estate and Infrastructure Group		
Media advertising		
Dentsu Mitchell Media Australia	160,166	Public notices providing information about activities on Defence sites

Service or Group, type and company	Expenditure in 2015–16 (\$)	Purpose
Defence People Group		
Advertising		
Havas Worldwide Australia	18,321,885	ADF recruitment advertising
Market research		
GFK Australia	152,200	Qualitative and quantitative research to maximise ADF recruitment targets
Hall & Partners Open Mind	1,278,260	Qualitative and quantitative research to maximise ADF recruitment targets
Horizon Research	354,390	Qualitative and quantitative research to maximise ADF recruitment targets
Media advertising		
Dentsu Mitchell Media Australia	46,000,933	Planning and placement of campaign advertising, including dissemination and other fees
Dentsu Mitchell Media Australia	47,613	Advertising for the Defence Graduate Program
Mitchell Communication	19,688	SES Band 2 recruitment
Mitchell Communication	25,947	Print advertising for Inspector-General of the Australian Defence Force
Mitchell Communication	65,844	Non-Defence Materiel Organisation APS employees—Public Service Gazette

Note: All figures are GST inclusive.

Omissions and errors

Defence Annual Report 2014–15

Page 141, Table 8.12 (Work health and safety—statistics on notifiable incidents, 2012–13 to 2014–15)

The number of deaths notifiable to Comcare for the 2013–14 period was incorrectly reported. The correct number of events was 8, as reported in the *Defence Annual Report 2013–14*.

Page 162, Table 9.1 (Determined fraud losses and recoveries, 2010–11 to 2014–15)

The determined fraud loss for 2013–14 was incorrectly reported as \$1,770,422, as a case of \$370,000 was incorrectly reported as a fraud loss. The correct determined fraud loss for the period was \$1,400,422.

Page 184, Table A.3 (Contracts that do not include the ANAO access clause, 2014–15)

The contract with Day Hodge Associates Pty Ltd was incorrectly reported as being over \$100,000 and was under that threshold.

Page 186, Table A.5 (Total advertising and market research expenditure by Group, 2012–13 to 2014–15)

The Defence Science and Technology Organisation reported advertising and market research expenditure of \$23,068 for the 2013–14 period. This is the GST-exclusive amount. The correct GST-inclusive amount is \$25,375.

Page 186, Table A.5 (Total advertising and market research expenditure by Group, 2012–13 to 2014–15)

The Chief Information Officer Group reported advertising and market research expenditure of \$25,671 for the 2014–15 period. This figure included some payments that were incorrectly journalled for the period. The correct expenditure for the period is \$21,973 (GST inclusive).

Grants

Information on grants awarded by Defence during 2015–16 is available at www.defence.gov.au/Disclosures.asp.

Information on grants expenditure in 2015–16 is provided on page 141 of this report.

Science and technology delivers Air Force capability

Mission-ready Air Force operators must have the knowledge and skills to work effectively in teams, often with joint and coalition forces. Large-scale training exercises are critical for building these knowledge and skills.

To help the Air Force make effective use of simulation for high-end training, the Defence Science and Technology Group has been conducting a series of exercises known as 'Exercise Black Skies' since 2008.

An integrated team of human factors and simulation researchers have conducted Exercise Black Skies prior to the live exercise Pitch Black, helping Air Force personnel improve performance through simulation training. They have been able to enhance team performance, reduce the cost of designing and executing training events, and identify the right learning opportunities within complex tactical scenarios.

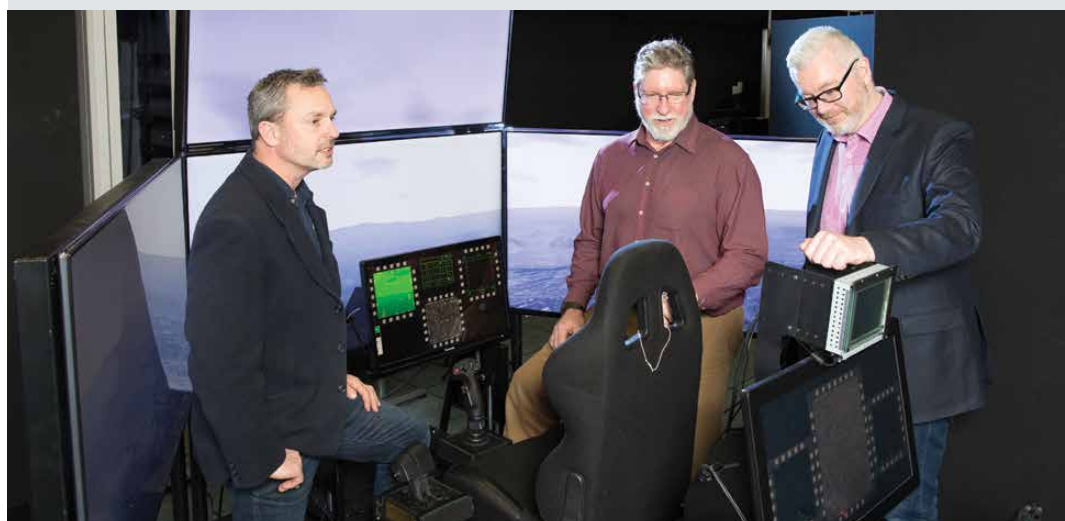
The most recent exercise in the Black Skies series—Exercise Black Skies 16—was recently held within a new facility, known as the 'Joint Air Warfare Battle Laboratory', established at RAAF Williamtown. This was the first exercise in the series to be held outside of the Air Operations Simulation Centre in Melbourne.

During Exercise Black Skies 16, simulation systems within the laboratory were connected with the Virtual Wedgetail to provide mission rehearsal for No. 41 Wing and No. 42 Wing personnel prior to Exercise Pitch Black.

The exercise also provided opportunities for Defence science and technology researchers and their coalition partners to demonstrate and evaluate new simulation systems, performance assessment technologies, and after-action review tools.

'The exercise was successful because we were able to balance the need to provide a valid mission rehearsal environment with a research environment to support longer-term Air Force objectives', said Dr Christopher Best, Science Team Leader for Exercise Black Skies.

The successful conduct of Black Skies 16 marked the initial operational capability for the laboratory and the beginning of a five-year program of research to be conducted within that facility, which will form part of the Air Warfare Centre.



L-R: Defence scientists Bradley MacPherson, Simon Parker and Christopher Best discuss preparations for Exercise Black Skies 16.

Approved grants

In 2015–16, Defence paid approved grants with a total value of \$128.6 million, an increase of \$6.3 million compared to the previous year (Table 10.4).

Table 10.4: **Approved grants, 2014–15 and 2015–16**

	2014–15 actual \$'000 ¹	2015–16 actual \$'000 ¹
Grants programs		
Army History Research Grants Scheme	64	52
Defence Science and Technology Group ² —Industry Placement Program	142	384
Family Support Funding Program	1,443	1,473
Industry Skilling Enhancement ³	237	563
New Air Combat Capability—Industry Support Program ³	1,169	2,654
Priority Industry Capability Innovation Program ³	2,083	291
Skilling Australia's Defence Industry ³	3,441	3,710
Other grants		
Afghan National Army Trust Fund contribution	104,398	107,052
Alliance 21 Program, United States Studies Centre, University of Sydney		560
Army and Air Force Canteen Service	400	—
Australian Member Committee of the Council for Security Cooperation in the Asia-Pacific (multi-year grant)	59	—
Australian National University—Shedden Professor of Strategic Policy Studies position (multi-year grant)	270	339
Australian Peacekeeping Memorial Project		2,000
Australian Strategic Policy Institute—Northeast Asia Defence and Security Forum 1.5 track dialogue	136	—
Australian Strategic Policy Institute (multi-year grant)	3,276	3,358
Australian War Memorial—Anzac Centenary travelling exhibition	2,727	2,727
Australian War Memorial—Official History of Peacekeeping, Humanitarian and Post-Cold War Operations	800	—
China Matters	—	100
Fisher House Foundation (multi-year grant)	25	25
Institute for Regional Security (previously Kokoda Foundation)—Young Leaders Strategic Program	30	176
Kokoda Foundation—Australia – United States Trilogy Dialogue	130	—
Multinational Force and Observers (multi-year grant)	626	939
National Boer War Memorial Association	—	1,450
Royal Melbourne Institute of Technology—PhD study	64	—
Royal United Services Institute of Australia	—	99
Stand Tall for PTS [post-traumatic stress]	—	150
Strategic and Defence Studies Centre, Australian National University—post-doctoral fellowship (multi-year grant)	143	—
Strategic and Defence Studies Centre, Australian National University	—	153
The Australian Sailor Pty Ltd	150	250
The Sir Richard Williams Foundation (multi-year grant—2014–15, 2015–16 and 2016–17)	50	50
United Nations Department of Peacekeeping Operations—review of technologies	102	—
United Nations Funding Grant for Peace Operations Training Institute—e-learning for African peacekeepers	51	—
United Nations research projects	239	—
University of Melbourne—PhD study	38	19
3 Wing Australian Air Force Cadets	—	49
Total grants paid⁴	122,293⁵	128,623⁵

Notes

1. Figures are GST exclusive.
2. As part of the First Principles Review implementation, the Defence Science and Technology Organisation was renamed the Defence Science and Technology Group from 1 July 2015.
3. Grants reported in 2014–15 as Defence Materiel Organisation (DMO) grants.
4. Total grants paid includes Defence and Capability Acquisition and Sustainment Group (formerly DMO) grants.
5. Discrepancies between totals and sums of components are due to rounding.

Payment of accounts

In 2015–16, Defence met 99.5 per cent of all payment transactions by their due date. This result is ahead of the 90 per cent government benchmark. The volume of payments through Defence Purchasing Cards and Travel Cards represented more than 89 per cent (2014–15, 79 per cent) of all payments, which continued to have a positive effect on the paid-by-due-date result (Table 10.5).

Table 10.5: **Accounts paid by due date, 2013–14 to 2015–16**

	2013–14	2014–15	2015–16
Number of accounts paid	1,748,114	2,013,583	2,113,079
Accounts paid by due date	1,736,673	1,997,627	2,101,908
Percentage of accounts paid by due date	99.4	99.2	99.5

Tactical payment scheme

The tactical payment scheme was legislated on 1 July 2009, under sections 123H and 123J of the *Defence Act 1903*. The scheme was introduced in 2009–10 to provide a means for making expeditious non-liability payments resulting from military actions by deployed forces. This scheme is critical for maintaining local community support and thereby ensuring the safety of deployed forces.

In 2015–16, seven individual payments totalling \$6,026 were made under the scheme. All seven payments were a consequence of minor damage to property from motor vehicles.





APPENDICES

Appendix A—Consultancies and contracts

Consultancy contracts

Defence engages consultants where it lacks specialist expertise or when independent research and assessment is required. Consultancy contracts are entered into with industry partners, academia and consultancies. The process for selecting consultants is consistent with Defence procurement policies and the Commonwealth Procurement Rules.

In 2015–16, Defence entered into 367 new consultancy contracts (248 with a value greater than \$10,000) involving total actual in-year expenditure of \$51.2 million (GST inclusive). In addition, 296 consultancy contracts remained active, involving total actual in-year expenditure of \$39.5 million (GST inclusive).

This annual report contains information about actual expenditure on contracts for consultancies. Information on the value of individual contracts and consultancies is available on the AusTender website. Table A.1 records total in-year expenditure for consulting contracts rather than the full value of the contracts.

Table A.1: Total expenditure on consultancy contracts, 2013–14 to 2015–16

	2013–14 \$m	2014–15 \$m	2015–16 \$m
Defence	38.3	71.3	90.7
Defence Materiel Organisation ¹	5.6	10.3	–

Note

1. From 1 July 2015, the Defence Materiel Organisation was incorporated into the Department of Defence. It is no longer a separate listed entity.

Table A.2 shows a summary of 2015–16 consultancies let with a contract value greater than \$10,000 (including GST).

Table A.2: Consultancies let greater than \$10,000, by program, 2015–16

Program	Number of contracts let	Total contract value (\$)
Program 1.1 Strategic Policy and Intelligence	15	3,454,032
Program 1.2 Navy Capabilities	1	32,525
Program 1.3 Army Capabilities	0	0
Program 1.4 Air Force Capabilities	4	2,420,489
Program 1.5 Joint Operations Command	1	29,783
Program 1.6 Vice Chief of the Defence Force	14	3,111,833
Program 1.7 Capability Acquisition and Sustainment	50	12,530,705
Program 1.8 Defence Executive Support	111	24,465,718
Program 1.9 Estate and Infrastructure	13	897,159
Program 1.10 Chief Information Officer	21	4,610,167
Program 1.11 Defence People	8	1,536,666
Program 1.12 Defence Science and Technology	5	349,831
Program 1.13 Chief Finance Officer	5	561,968
Total	248	54,000,875

Australian National Audit Office access clause

The Defence contracting templates include standard clauses providing for the Auditor-General access to contractors' and major subcontractors' premises, records and accounts. During 2015–16, Defence had 48 contracts that were exempt from the requirement to provide access to the Auditor-General (Table A.3).

Table A.3: Contracts that do not include the ANAO access clause, 2015–16

Group and company	Contract value (\$)	Purpose
Capability Acquisition and Sustainment Group		
Foreign Military Sales contract	186,124	Professional engineering services
Foreign Military Sales contract	372,108	Personal protective ensemble
Foreign Military Sales contract	471,604	Communication equipment
Foreign Military Sales contract	488,828	Training services
Foreign Military Sales contract	817,475	Cryptographic equipment
Foreign Military Sales contract	885,928	Light weapons and ammunition
Foreign Military Sales contract	892,418	Light weapons and ammunition
Foreign Military Sales contract	935,588	Light weapons and ammunition
Foreign Military Sales contract	954,849	Equipment and support
Foreign Military Sales contract	1,062,767	Explosive ordnance
Foreign Military Sales contract	1,075,952	Equipment and support
Foreign Military Sales contract	1,110,820	Explosive ordnance
Foreign Military Sales contract	1,201,926	Communication equipment
Foreign Military Sales contract	1,324,631	Communication equipment
Foreign Military Sales contract	1,396,650	Equipment and support
Foreign Military Sales contract	1,784,120	Communication equipment
Foreign Military Sales contract	1,928,739	Cryptographic equipment
Foreign Military Sales contract	2,057,284	Communication equipment
Foreign Military Sales contract	2,096,430	Feasibility study
Foreign Military Sales contract	2,166,834	Acquisition of mortar capability and support
Foreign Military Sales contract	2,227,619	Explosive ordnance
Foreign Military Sales contract	2,576,927	Equipment and support
Foreign Military Sales contract	2,789,318	Acquisition of inflatable craft
Foreign Military Sales contract	2,918,999	Supply liaison office administration support
Foreign Military Sales contract	3,245,338	Aircraft spare and repair parts
Foreign Military Sales contract	4,009,483	Communication equipment
Foreign Military Sales contract	5,656,120	Feasibility study
Foreign Military Sales contract	6,116,128	Cryptographic equipment
Foreign Military Sales contract	7,151,506	Mortar equipment, software support and training
Foreign Military Sales contract	15,823,212	Aircraft spare and repair parts
Foreign Military Sales contract	17,352,154	Ammunition
Foreign Military Sales contract	19,136,757	Communication equipment
Foreign Military Sales contract	22,159,031	Air defence hardware and software support
Foreign Military Sales contract	25,284,081	Light weapons and ammunition
Foreign Military Sales contract	25,527,523	Light weapons and ammunition
Foreign Military Sales contract	29,379,991	Acquisition of missiles
Foreign Military Sales contract	29,742,759	Explosive ordnance
Foreign Military Sales contract	31,676,447	Acquisition of mortar capability
Foreign Military Sales contract	56,726,986	Acquisition of heavy recovery vehicles
Foreign Military Sales contract	84,873,675	Technical and engineering services
Foreign Military Sales contract	85,732,021	Weapon spare and repair parts
Foreign Military Sales contract	111,943,639	Explosive ordnance and support equipment
Foreign Military Sales contract	117,739,260	System software and support
Foreign Military Sales contract	139,564,761	Acquisition of aircraft
Foreign Military Sales contract	167,104,069	Acquisition of aircraft
Foreign Military Sales contract	275,090,039	Acquisition of missiles and support equipment
Foreign Military Sales contract	282,806,000	System follow-on engineering and support services

Table A.3: **Contracts that do not include the ANAO access clause, 2015–16 (continued)**

Group and company	Contract value (\$)	Purpose
Capability Acquisition and Sustainment Group		
Foreign Military Sales contract	1,736,882,490	Equipment and support
Total for Capability Acquisition and Sustainment Group	3,334,447,408	

Note: Figures are GST exclusive.

Defence uses the United States Department of Defense's Foreign Military Sales program, which facilitates sales of US arms, defence equipment, defence services and military training to foreign governments. The standard terms and conditions for Foreign Military Sales contracts with the US Government do not contain ANAO access provisions.

Exempt contracts

In 2015–16, Defence reported a total of 265 contracts, standing offers or variations, with a total value of \$565,688,434.63, which were subject to an exemption under the *Freedom of Information Act 1982*. These exemptions were generally applied under the national security provisions of the Act.

Legal expenses

Expenditure on internal and external legal services in 2015–16 is shown in tables A.4 to A.6. Internal expenses include salaries for military and civilian staff, divisional operating costs and military justice reimbursements. External expenses are professional fees, disbursements and legal assistance at Commonwealth expense. The figures are exclusive of GST.

Table A.4: **Estimated expenditure on internal and external legal services, 2014–15 and 2015–16**

Type of legal expenditure	2014–15 \$m	2015–16 \$m
Internal	44.99	48.02
External	33.66	38.02
Total	78.65	86.04

Table A.5: **Estimated cost breakdown of internal legal expenses, 2014–15 and 2015–16**

Items	2014–15 \$m	2015–16 \$m
Salaries for military lawyers	19.20	19.83
Salaries for civilian staff	15.75	15.91
ADF Reserve legal officers	6.30	7.45
Operating costs of Defence Legal Division	3.34	4.41
Military justice disbursements	0.40	0.42
Total	44.99	48.02

Table A.6: **Estimated cost breakdown of external legal expenses, 2014–15 and 2015–16**

Items	2014–15 \$m	2015–16 \$m
Professional fees—Defence legal panel	29.67	35.48
Disbursements	2.89	2.19
Legal assistance at Commonwealth expense	1.10	0.35
Total	33.66	38.02

Note: In 2015–16, the Defence Materiel Organisation was incorporated into Defence as the Capability Acquisition and Sustainment Group and is consequently presented here with Defence as one entity. In order to allow for comparison, the 2014–15 reported figures for both Defence and the Defence Materiel Organisation have been combined in tables A.4 to A.6.

Appendix B—List of requirements

Appendix B contains a list of annual report requirements prepared in accordance with section 17AJ(d) of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) and Resource Management Guide No. 135—*Annual reports for non-corporate Commonwealth entities*, as approved by the Joint Committee of Public Accounts and Audit. The page reference for Defence's compliance with these requirements is provided in the right-hand column of Table B.1.

Table B.1: List of requirements

PGPA Rule reference	Description	Requirement	Page number
17AD(g)	Letter of transmittal		
17AI	A copy of the letter of transmittal signed and dated by the accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the PGPA Act and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory	iv
17AD(h)	Aids to access		
17AJ(a)	Table of contents	Mandatory	v
17AJ(b)	Alphabetical index	Mandatory	154–161
17AJ(c)	Glossary of abbreviations and acronyms	Mandatory	153
17AJ(d)	List of requirements	Mandatory	148–151
17AJ(e)	Details of contact officer	Mandatory	162
17AJ(f)	Entity's website address	Mandatory	162
17AJ(g)	Electronic address of report	Mandatory	162
17AD(a)	Review by accountable authority		
17AD(a)	A review by the accountable authority of the entity	Mandatory	1–3
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	A description of the role and functions of the entity	Mandatory	7, 14
17AE(1)(a)(ii)	A description of the organisational structure of the entity	Mandatory	11
17AE(1)(a)(iii)	A description of the outcomes and programs administered by the entity	Mandatory	21
17AE(1)(a)(iv)	A description of the purposes of the entity as included in the corporate plan	Mandatory	10
17AE(1)(b)	An outline of the structure of the portfolio of the entity	Portfolio departments — mandatory	18–19
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statements, Portfolio Additional Estimates Statements or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change	If applicable, mandatory	61
17AD(c)	Report on the performance of the entity		
	Annual performance statements		
17AD(c)(i); 16F	Annual performance statements in accordance with paragraph 39(1)(b) of the PGPA Act and section 16F of the PGPA Rule	Mandatory	27–54

PGPA Rule reference	Description	Requirement	Page number
17AD(c)(ii)	Report on financial performance		
17AF(1)(a)	A discussion and analysis of the entity's financial performance	Mandatory	57
17AF(1)(b)	A table summarising the total resources and total payments of the entity	Mandatory	57–62
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results	If applicable, mandatory	57
17AD(d)	Management and accountability		
	Corporate governance		
17AG(2)(a)	Information on compliance with section 10 of the PGPA Rule (fraud systems)	Mandatory	iv
17AG(2)(b)(i)	A certification by the accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	iv
17AG(2)(b)(ii)	A certification by the accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place	Mandatory	iv
17AG(2)(b)(iii)	A certification by the accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory	iv
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	69–73
17AG(2)(d) – (e)	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the PGPA Act that relates to non-compliance with finance law and action taken to remedy non-compliance	If applicable, mandatory	71
	External scrutiny		
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	79–85
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity	If applicable, mandatory	81–82
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor-General (other than the report under section 43 of the PGPA Act), a parliamentary committee, or the Commonwealth Ombudsman	If applicable, mandatory	79–83
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period	If applicable, mandatory	84–85
	Management of human resources		
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	106
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis, with statistics on: • staffing classification level • full-time employees • part-time employees • gender • staff location • employees who identify as Indigenous	Mandatory	95, 97–98, 101, 117
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	Mandatory	102

PGPA Rule reference	Description	Requirement	Page number
17AD(d)	Management and accountability (continued)		
	Management of human resources (continued)		
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements, etc., identified in paragraph 17AG(4)(c) of the PGPA Rule	Mandatory	102
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level	Mandatory	104
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees	Mandatory	105
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay	If applicable, mandatory	105
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level	If applicable, mandatory	105
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, mandatory	105
17AG(4)(d)(iv)	Information on the aggregate amount of performance payments	If applicable, mandatory	105
	Asset management		
17AG(5)	An assessment of effectiveness of asset management where asset management is a significant part of the entity's activities	If applicable, mandatory	121
	Purchasing		
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules	Mandatory	124
	Consultants		
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST)	Mandatory	145
17AG(7)(b)	A statement that ' <i>During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].</i> '	Mandatory	145
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged	Mandatory	145
17AG(7)(d)	A statement that ' <i>Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.</i> '	Mandatory	145
	Australian National Audit Office access clauses		
17AG(8)	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract	If applicable, mandatory	146–147
	Exempt contracts		
17AG(9)	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published on AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters	If applicable, mandatory	147

PGPA Rule reference	Description	Requirement	Page number
Small business			
17AG(10)(a)	A statement that ' <i>[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and medium-sized enterprise and small enterprise participation statistics are available on the Department of Finance's website.</i> '	Mandatory	124
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium-sized enterprises	Mandatory	124
17AG(10)(c)	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that ' <i>[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website.</i> '	If applicable, mandatory	124
Financial statements			
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the PGPA Act	Mandatory	Volume Two
17AD(f) Other mandatory information			
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that ' <i>During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.</i> '	If applicable, mandatory	137
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, mandatory	N/A
17AH(1)(b)	A statement that ' <i>Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].</i> '	If applicable, mandatory	139
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory	118
17AH(1)(d)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found	Mandatory	87
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory	139
17AH(2)	Information required by other legislation	Mandatory	74, 114, 116, 147



Abbreviations and acronyms

ACSC	Australian Cyber Security Centre
ADF	Australian Defence Force
AGSVA	Australian Government Security Vetting Agency
ANAO	Australian National Audit Office
ANDSF	Afghan National Defense and Security Forces
APS	Australian Public Service
ARRTS	Arts for Recovery, Resilience, Teamwork and Skills
ASD	Australian Signals Directorate
AWEI	Australian Workplace Equality Index
CIS	communications and information systems
DAAP	Defence Administrative Assistance Program
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
FOI Act	<i>Freedom of Information Act 1982</i>
FTE	full-time equivalent
GDP	gross domestic product
GST	goods and services tax
HMAS	Her Majesty's Australian Ship
ICT	information and communications technology
JP	joint project
LGBTI	lesbian, gay, bisexual, transgender and intersex
MRH	multi-role helicopter
NATO	North Atlantic Treaty Organization
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
PNG	Papua New Guinea
PNGDF	Papua New Guinea Defence Force
RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
SeMPRO	Sexual Misconduct Prevention and Response Office
SES	Senior Executive Service
WHS	work health and safety

Index

A

- Aboriginal and Torres Strait Islander people, 2, 48, 96, 116–17, 122
- achievements, 1–2
- Adelaide, HMAS, 30, 32
- ADF Cover, 104
- ADF Super, 104
- Administrative Appeals Tribunal, 81
- advertising expenditure, 137–9
- Affirmative Measures program, 96
- Afghan Command South Headquarters, Kandahar, 5
- Afghan National Army, 4
 - Officer Academy, Kabul, 4
- Afghan National Defense and Security Forces (ANDSF), 4–5
- Afghanistan, 1, 3, 4–5, 16, 30, 77
 - ADF deployment, 4–5, 32
 - Command, 90
- Air and Garrison Commands, Kabul, 5
- Air Force
 - actual funded strength, 22
 - flying hours, 35
 - Tropical Cyclone Winston, 66
 - women, 97, 101
 - workforce total, 95
- Air Task Group (Iraq), 4, 77
- Albatross, HMAS, 134
- annual performance statements, 27, 30–54, 70
- annual report
 - 2014–15 corrections, 139
 - purpose, ii, 70
- anti-corruption, 52, 73
- APS Statistical Bulletin, 118
- Army
 - actual funded strength, 22
 - flying hours, 34
 - Reserves, 92, 93
 - Tropical Cyclone Winston, 66, 67
 - women, 97, 101
 - workforce total, 95
- Arts for Recovery, Resilience, Teamwork and Skills program, 28–9
- asset management, 121
- Assistant Minister for Defence, 24
- Associate Secretary, 2, 7, 11, 39, 42, 69, 84
- Association of Southeast Asian Nations (ASEAN)
 - Defence Ministers' Meeting–Plus framework, 55
- Attorney-General's Department, 83
- Audit Branch, 73
- audit work program, 52, 73
- Auditor-General, reports, 82–3
- audits
 - Australian National Audit Office (ANAO), 57, 71, 73, 83, 146–7
 - cross-portfolio, 73, 83
 - military justice unit, 74
 - Navy Reserves, 93
 - performance, 73
 - work health and safety (WHS), 107
- AusTender, 124
- Australian Antarctic Division, 32
- Australian Civil–Military Centre, 16, 32, 45, 122, 123
- Australian Cyber Security Centre (ACSC), 20
- Australian Defence Force (ADF). *see also* Reserves
 - actual funded strength, 22, 23
 - Arts for Recovery, Resilience, Teamwork and Skills program, 28–9
 - cadets, 49
 - complaint handling and resolution, 111–12
 - conditions of service, 103
 - cultural change (Pathway to Change), 3, 74, 110, 116, 118
 - death and invalidity scheme, 104
 - death in service reviews, 75
 - enlistment, 50, 89
 - First Principles Review (*see* First Principles Review)
 - Gap Year program, 102
 - gender
 - percentages, 99, 101
 - restrictions, removal, 110, 115
 - leadership, 11, 14 (*see also* Senior Leadership Group)
 - Maritime Activities Environmental Management Plan, 133
 - military justice unit audits, 74
 - operations 2015–16 (*see also under* individual names of operations)
 - border protection, 4, 30, 32
 - costs, 63–4
 - emergency assistance, 4, 66–7
 - overseas, 4–5, 30, 32, 77
 - performance summary, 32, 33
 - remuneration, 104, 105
 - salary ranges (permanent members), 103
 - scientists deployed, 77
 - senior officers remuneration, 104
 - separations, 92
 - sexual misconduct reporting, 114
 - star-ranked officers, 97
 - superannuation, 50, 104
 - support services, 50
 - Total Workforce Model, 50
 - unit ready days, 32, 33
 - United Nations missions, 5, 32
 - women
 - combat role employment categories, 110, 115
 - and cultural reform, 115–16
 - leadership, 90, 91
 - participation rate, 48
- workforce
 - actual funded strength, 22
 - average funded strength, 22, 23, 89
 - enlistments, 50, 89
 - gender, 99, 101
 - headcount, 95
 - integration with APS, 48
 - location, 95
 - participation rate, 48
 - Project Suakin, 93
 - reserves, 92–3, 95
 - separations, 92
 - staffing figures, 23
 - star-ranked officers, 97
 - total, 95
 - Total Workforce Model, 50
 - Workplace Remuneration Arrangement 2014–17, 103, 105
- Australian Defence Force Cadets, 49
- Australian Government Security Vetting Agency (AGSVA), 43
 - review, 83

Australian Human Rights Commission, 110
 Australian Hydrographic Service, 33
 Australian Industry Capability Program, 125
 Australian industry participation policy, 1, 8, 9, 30, 31, 47, 125
 Australian National Audit Office (ANAO), 71
 access clauses, 146–7
 Central administration of security vetting (audit report), 83
 performance audits, 73
 valuation, military equipment, 3, 57
 Australian National University (ANU), 106
 Australian Public Service (APS)
 complaint handling and resolution, 111
 corporate function consolidation, 39
 disability initiatives, 2, 113, 118
 leadership development, 106
 managing and developing staff, 106
 performance pay, 105
 remuneration, 104, 105
 salary ranges, 104
 Senior Executive Service (SES)
 numbers, 2, 97
 performance pay, 105
 remuneration, 104, 105
 workplace agreements, 102
 separations, 94
 State of the Service Report, 118
 women
 initiatives, 115
 leadership mentoring, 99
 participation rate, 2, 48
 workforce
 actual full-time equivalent, 2, 22
 average full-time equivalent, 93, 94
 civilian (APS and contractor) average full-time equivalent, 94
 diversity, 2, 48, 96, 99
 downsizing, 2, 22, 93, 94
 education and training, 106
 end-of-year full-time equivalent, 94
 gender, 98, 99, 101
 headcount, 23, 94, 98
 Indigenous people, 2, 48, 96
 integration with ADF, 48
 location, 95
 non-SES numbers, 2, 98, 102
 participation rate, 48
 people with disability, 2, 48, 49, 113, 114, 118
 recruitment, 94
 separations, 94
 SES, 2, 85, 97, 102
 skills census, 85, 106
 staffing figures, 23
 voluntary redundancies, 85
 Australian Public Service Commission, 84, 106, 116, 118
 Australian Regular Army. *see* Army
 Australian Signals Directorate (ASD), 20
 Australian Strategic Policy Institute, 18
 Australian Workplace Equality Index (AWEI), 119

B

bilateral exercises, 45
 Black Skies, Exercise, 140
 Brunei, 55
 Building Partner Capacity mission (Iraq), 4

C

cadets, 49
 Cairns, HMAS, 72
 Canberra, HMAS, 4, 30, 66, 67
 Capability Acquisition and Sustainment Group, 53, 84
 Commercial Division, 124
 contracts, 146–7
 environmental management system, 131
 functions, 14
 performance results, 38
 Capability Development Group, 53, 84
 capability lifecycle, 2, 11, 37, 47, 53, 84, 106, 125
 Capital Facilities and Infrastructure Branch, 123
 Capstone program, 106
 cases
 Gaynor v Chief of Defence Force (No. 3) [2015] FCA 1370, 81
 Jordan v Chief of Air Force [2015] ADFDAT 2, 82
 cash spend (net), 22
 Catalyst program, 106
Central administration of security vetting (ANAO report), 83
 Centre for Defence Industry Capability, 47, 125
 Chief Finance Officer Group, 14, 57, 121, 124
 Chief Information Officer Group, 14, 139
 Chief of Air Force, 14, 128
 Chief of the Defence Force
 accountabilities, 53, 84
 commissions of inquiry, 75
 environmental policy, 131
 Gaynor case, 81
 legislative authority, 1, 84
 remuneration, 105
 responsibilities, 11
 review, 4–5
 China, People's Liberation Army, 15
 civilian (APS and contractor) average full-time equivalent, 94
 climate change, 134
 Closing the Gap report, 122
 combat gear for soldiers, 100
 Comcare, 107, 108
 Commonwealth Disability Strategy, 118
Commonwealth Fraud Control Framework 2014, 71
 Commonwealth Government Indigenous Procurement Policy, 2, 122, 123, 125
 Commonwealth Grants Rules and Guidelines, 124
 Commonwealth Ombudsman, 82, 87
 Commonwealth Procurement Rules, 124, 145
 Commonwealth Resource Management Framework, 124
 Commonwealth Superannuation Corporation, 50
 Communications and Information Systems (CIS) Upgrade Program, 86
 complaint handling and resolution, 111
 sexual misconduct, 114
 unacceptable behaviour, 112
 ComTrack, 112
 consultancies, 145
 contamination, 3, 131, 135
 Contestability Division, 38, 84
 contestability functions, 31, 37
 Contract Template Selection and Tailoring Guide, 124
 contracts
 exempt, 147
 governance, 145
 no ANAO access clause, 146–7
 Corporate Plan 2015–16, 27, 30, 69
 performance criteria, 31, 33, 38, 40, 43, 46, 47, 49, 51, 54

- corrections, 139
- counter-terrorism
 - framework, 32
 - intelligence, 1
 - multilateral maritime exercise, 55
 - showcase capabilities, 72
- Creating One Defence* report, 9. *see also* First Principles Review
- Criminal Code Act 1995*, 82
- cross-portfolio audit reports, 73, 83
- Cultana Redevelopment Project (SA), 123
- cultural reform (Pathway to Change), 3, 74, 110, 116, 118
- culturally and linguistically diverse backgrounds, 118
- Customs Act 1901*, 74
- cyber security
 - capabilities, 3
 - Dandelion@Defence program, 2, 118
 - and intelligence, 42, 44
 - strategy, 20
- Cyclone Winston, 4, 30, 66, 77

D

- Dandelion@Defence program, 2, 118
- Darwin*, HMAS, 5
- Defence. *see also* Australian Defence Force (ADF); Australian Public Service (APS); Defence Housing Australia; Department of Veterans' Affairs
 - accountability, 69–71, 84
 - advertising and market research, 137–9
 - Affirmative Measures program, 96
 - annual procurement plan, 124
 - asset management, 121
 - awards, 119, 125
 - business outputs delivery, 30
 - capability
 - lifecycle, 2, 11, 37, 47, 53, 84, 106, 125
 - reviews, 84–5
 - Capability Acquisition and Sustainment Group, 14, 38, 53, 84, 124, 131, 146–7
 - capital equipment projects, 38
 - capital facilities projects, 38, 126
 - capital investment (*see* investment)
 - cash spend (net), 22
 - coalition operations, 7, 32, 45, 86, 140
 - compliance, 69, 71
 - consultancies and contracts, 145–7
 - corporate enabling services, 40
 - Corporate Plan 2015–16, 27, 30, 69
 - performance criteria, 31, 33, 38, 40, 43, 46, 47, 49, 51, 54
 - costing activities, 38
 - cultural change, 3, 74, 110, 116, 118
 - customer feedback, 40
 - cyber capability, 2, 3, 20, 42, 44, 118
 - Defence Audit and Risk Committee, 69, 71, 73
 - Defence Committee, 2, 7, 51, 54, 69, 84
 - disability initiatives, 2, 113, 118
 - diversity of personnel
 - culturally and linguistically diverse backgrounds, 118
 - Indigenous Australians, 2, 48, 96, 116–17
 - LGBTI people, 119
 - people with disability, 2, 48, 49, 113, 114, 118
 - priorities, 114
 - women, 2, 16–17, 48, 115–16
 - enabling functions, 39
 - Enterprise Information Management Strategy 2015–2025, 85
 - enterprise-level risks, 71

- Enterprise Performance Management Framework, 51, 69, 84
- enterprise risk management policy, 51
- environmental management, 131–4
- estate environmental damage, 135
- estate investment, 40, 126, 132
- First Principles Review (*see* First Principles Review)
- foreign language requirements, 44
- fraud control, 71, 73
- fuel supply chain, 133
- governance, performance, 69–71
- grants, 139, 141
- highlights, 30
- hydrographic surveying and charting, 33
- ICT (*see* ICT)
- Indigenous participation and engagement, 2, 48, 96
- industry partnership, 1, 8, 9, 31, 39, 47, 71, 84, 93, 107, 115, 125
- Industry Policy Statement, 1, 8, 9, 30, 31, 47, 125
- intelligence (*see also* cyber security)
 - capabilities, 42, 43
 - consolidation with policy functions, 42
- interagency partnerships, 32
- international partnerships, 39, 42
- leadership, 11, 14
- Leading for Reform program, 106
- legal expenses, 147
- LGBTI members and employees, 119
- military enabling functions consolidation, 39
- net cash spend, 22
- operating risks, 71
- operations' costs, 63–4
- organisational structure, 11
- parliamentary contribution, 79
- partnerships framework, 39
- payment of accounts, 142
- people with disability, 2, 48, 49, 113, 114, 118
- performance report, 70
- performance reviews, 83
- personnel (*see also* workforce)
 - complaint handling and resolution, 111–12
 - unacceptable behaviour, 49, 110, 112
- policy, consolidation with intelligence functions, 42
- portfolio structure, 18–19
- procurement, 122, 123, 124–5
- programs (*see* programs)
- projects of concern regime, 127
- regional security and stability, 1, 7, 45
- remuneration, 103–5
- resource statement, 57
- resource summary, 22
- role, 7
- senior leadership
 - changes, 14
 - remuneration, 104, 105
- senior management committees, 2, 69
- sexual misconduct reporting, 114
- shared policy agenda (industry), 47
- smart buyer concept, 37
- standardisation, 40
- statutory offices, 18
- strategic direction, 7, 69, 85
- strategic research, 39, 41
- valuation, military equipment, 3, 57
- White Paper 2016 (*see* Defence White Paper 2016)
- women, initiatives for, 115–16
- work health and safety (*see* work health and safety)

Work Health and Safety Committee, 106, 107
workforce (see workforce)

Defence Act 1903, 74, 75, 103, 105, 142

Defence Administrative Assistance Program (DAAP), 2, 113, 118

defence annual procurement plan, 124

Defence Audit and Risk Committee, 69, 71, 73

Defence Committee, 2, 7, 51, 54, 69, 84

Defence complaints management, tracking and reporting system (ComTrack), 112

Defence Contamination Management Strategy, 131

Defence Cooperation Program, 55

Defence Diversity and Inclusion Strategy 2012–2017, 114, 118

Defence Employment offer, 102

Defence Enterprise Collective Agreement, 3, 102, 104, 105

Defence Environmental Policy, 131

Defence Environmental Strategic Plan 2016–2036, 131

Defence Estate Quality Management System, 131

Defence Ethics and Fraud Awareness Program, 71

Defence Executive Support program, 11

Defence Force Discipline Act 1982, 73, 82

Defence Force Discipline Appeal Tribunal, 82

Defence Force Ombudsman, 82

Defence Force Regulations 1952, 111

Defence Force Remuneration Tribunal, 103, 105

Defence Force Retirement and Death Benefits (DFRDB) Scheme, 50

Defence Force Superannuation Benefits, 50

Defence Force Superannuation Nominal Interest, 50, 61

Defence Forces Retirement Benefits (DFRB) Scheme, 50

Defence Fraud Control Plan No. 11, 71

Defence Home Ownership Assistance scheme, 50

Defence Housing Australia, 18, 80

Defence Housing Authority, 52

Defence Implementation Plan, 16

Defence Industry Policy Statement, 1, 8, 9, 30, 31, 47, 125

Defence Innovation Hub, 47, 125

Defence Intelligence Organisation, 42, 43

Defence International Engagement Plan, 30, 46

Defence International Engagement Policy, 46

Defence Legislation Amendment (First Principles) Act 2015, 1, 84

Defence Materiel Organisation (DMO)
delisting, disbanding, 1, 18, 53, 84

Defence Mentoring Circles program, 99

Defence People, 30, 49, 50

Defence People Group, 14, 96

Defence Pollution Prevention Strategy, 131

Defence Pride, 119

Defence Procurement Policy Manual, 124

Defence Public Interest Disclosure Scheme, 87

Defence Purchasing Card, 124

Defence (Inquiry) Regulations 1985, 75

Defence Science and Technology Group
abolition of Defence Science and Technology Organisation, 1
audit, 82
Exercise Black Skies, 140
functions, 14
Industry Placement Program grants, 141
partnerships, 84
scientists, 77
staff award, 100

Defence Science and Technology Support to Operations program, 77

Defence Signals Directorate. see Australian Signals Directorate

Defence Strategic Workforce Plan, 30, 48, 49, 85

Defence Trade Controls Act 2012, 45

Defence White Paper 2016. see also Defence Industry Policy Statement; First Principles Review; Integrated Investment Program
cyber capabilities, 20
Defence International Engagement Plan, 30, 46
implementation, 53–4
objectives, 7–9
policy guide, 1, 30, 31
purpose 10, 53–4
workforce, 2, 22, 30, 48, 89, 93, 95

Defence Work Experience Program, 49

Defence Work Health and Safety (WHS) Strategy 2012–2017, 106

Department of Defence. see Defence

Department of Employment, 116

Department of Finance, 31, 57, 83, 124, 125, 137

Department of Foreign Affairs and Trade, 17

Department of Health, 135

Department of Human Services, 90, 116

Department of Social Services, 113

Department of the Environment, 131

Department of the Environment and Energy, 135

Department of the Prime Minister and Cabinet, 20

Department of Veterans' Affairs, 18, 24, 50, 82, 83

Deployable Kit Earth Terminal, 86

Deputy Secretary Capability Acquisition and Sustainment, 14

Deputy Secretary Estate and Infrastructure, 132, 135

Deputy Secretary Strategic Policy and Intelligence, 14

Deputy Secretary Strategy, 14

diarchy, 11

Diggerworks: Driving innovation and effectiveness in the defence sector, 100

Direct Fire Support Weapons project (LAND 40, Phase 2), 127

Directorate of Protocol and Visits, 72

Directorate of Select Incident Review, 75

disability reporting mechanisms, 118

Diversity and Inclusion Strategy 2012–2017, 114, 118

E

East Asia Summit Rapid Disaster Response: Search and Rescue seminar, 45

ecologically sustainable development, 131

emergency assistance, 3, 66–7

energy consumption, 133

Enterprise Business Committee, 2, 7, 39, 51, 69, 73, 84

Enterprise Information Management Strategy 2015–2025, 85

Environment Protection and Biodiversity Conservation Act 1999, 131, 133

environmental performance, 131

Estate and Infrastructure Group, 14, 85

ethics and fraud awareness program, 71

Ethics Matters (newsletter), 71

exercises
Black Skies, 140
Gudpela Plan, 13
Hari'i Hamutuk, 55
Kowari (United States and China), 15
Kumul Exchange, 13
Logi Tura, 13
Olgeta Warrior 2015, 12–13
Pitch Black, 140
Puk Puk, 12–13
Talisman Sabre 2015, 17, 30, 45, 133
Wantok Warrior, 13

F

F-35A Lightning II Joint Strike Fighter, 3, 128, 133
Facilities and Infrastructure Program, 126
Fair Work Act 2009, 102
Fiji, Military Forces, 4, 66, 67
Fiji Police Force, 66
Fijian Prime Minister, 67
finance law compliance, 71
financial performance summary, 57
First Principles Review, 1, 2, 18, 31. *see also* Defence Industry
Policy Statement; Defence White Paper 2016;
Integrated Investment Program
capability lifecycle process, 37
enablers, 85
function, 1
implementation, 30, 53–4, 84–5
institutionalising Australian industry, input to capability, 47
One Defence business model, 1, 7, 51, 70
service delivery system, 39
strategic workforce plan, 48
First Principles Review: Creating One Defence report, 9
Foreign Investment Review Board, 1
France, 3
fraud
control program, 71
investigations, 73
loss and recoveries, 73, 139
plans, 52
freedom of information, 87
Freedom of Information Act 1982 (FOI Act), 87, 147
fuel supply chain, 133
Future Defence Estate Profile project, 40

G

Gateway Program, 106
geospatial intelligence technologies, 42, 44
Globally Harmonized System of Classification and Labelling of
Chemicals, 107
governance, 2, 69–77
Government's strategic direction. *see* Defence White Paper
grants, 139, 141
grievance, 75–6
Gudpela Plan, Exercise, 13

H

Hari'i Hamutuk, Exercise, 55
hazardous chemicals, 107
House of Representatives committees, 80
humanitarian missions, 4–5, 32, 66, 67, 72, 134
hydrographic surveying and charting, 33
HydroScheme surveying, 33
hypersonic test vehicle, HIFIRE 5b, 39

I

ICT. *see also* Chief Information Officer Group
architecture standards, 40
capability lifecycle, 84
capital/investment projects, 38
CIS infrastructure, 86
Enterprise Information Management Strategy 2015–2025,
85
investment, 8, 39, 40
security, 42
shared services reforms, 41
standardisation, 40
Indigenous Land Use Agreement, 123

Indigenous Procurement Policy, 2, 122, 123, 125
Indo-Pacific region, 3, 7
industry engagement function, 31
industry partnership, 39, 71, 84, 93, 107, 115
Industry Policy Statement, 1, 8, 9, 30, 31, 47, 125
Industry Policy Division, 47
Information Publication Scheme, 87
infrastructure, 8, 39, 121, 126. *see also* Defence—estate;
Estate and Infrastructure Group
Inspector-General of the Australian Defence Force
Directorate of Select Incident Review, 75
functions, 74
military justice unit audits, 74
military redress of grievance, 75–6
report, 74–6
Integrated Investment Program
approach, 9
capability-related investment, 53
estate investment, 40, 126, 132
information management investment, 40
integrity, 37, 69, 84
and White Paper policy objectives, 1, 8, 31
workforce pressures, 30
intelligence. *see also* Strategic Policy and Intelligence Group
capabilities, 42, 43
consolidation with policy functions, 42, 45
national collection priorities, 1
workforce, 1, 48
internal audit services, 52, 73, 74
international security environment, 45
investment. *see also* Integrated Investment Program
capital, 37, 38
cyber capabilities, 20
estate, 40, 126, 132
White Paper commitments, 7
Investment Committee, 2, 7, 37, 38, 39, 40, 51, 53, 69, 84
Iraq
Building Partner Capacity mission, 4
scientists, deployment, 77
Iraqi Forces, 4

J

Joint Committee of Public Accounts and Audit, 71, 79, 148
joint committees, 2015–16, 79–80
Joint Health Command, 39
Joint Logistics Command, 39
Joint Operations Command, 14, 32
Joint Standing Committee on Foreign Affairs, Defence and
Trade, 79
Joint Strike Fighter, 3, 128, 133
Joint Task Force 633, 5, 77, 90, 91
Jordan v Chief of Air Force [2015] ADFDAT 2, 82
judicial decisions, 81–2

K

Korean Peninsula, 1
Kowari (United States and China), Exercise, 15
Kumul Exchange, Exercise, 13

L

leadership changes, 14
Leading Together (film), 122–3
legal expenses, 147
legislation, 18
lesbian, gay, bisexual, transgender and intersex (LGBTI)
members and employees, 119

letter of transmittal, iv
Logi Tura, Exercise, 13

M

maritime surveillance patrols, 32
market research expenditure, 137–9
Melbourne, HMAS, 5
Middle East, 1, 3, 4, 5, 32, 45, 77, 90
 Communications and Information Systems (CIS) Upgrade Program, 86
military redress of grievance, 75–6
Military Rehabilitation and Compensation Act 2004, 82
Military Superannuation and Benefits Scheme (MSBS), 50, 104
Minister for Defence, 1, 11, 25, 71, 75, 85, 103, 105
 powers, 74
Minister for Defence Materiel, 24
Minister for Defence Materiel and Science, 24, 100
Minister for Veterans' Affairs, 24
ministerial responsibilities, 24
Minister's Award for Achievement in Defence Science, 100
multicultural diversity, 118
multinational companies, Defence partnerships, 39

N

National Action Plan on Women, Peace and Security, 16
National Australian Defence Force Family Health Program, 49
National Disability Strategy 2010–2020, 118
National Halon Bank, 133
national perfluorinated compound (PFC) environmental management program, 134
National Security Committee of Cabinet, 31
national security risks, 71
Navy
 actual funded strength, 22
 average funded strength, 89
 flying hours, 34
 future frigates, 1, 8
 future submarines, 1, 3, 47, 125
 Middle East region, 5
 offshore patrol vessels, 1, 8
 rebuilding, 1
 Reserves, 92, 93
 shipbuilding, 2, 3
 Tropical Cyclone Winston, 4, 66, 67
 unit availability days, 33
 unit ready days, 32, 33
 women, 97, 101
 workforce total, 95
Newcastle, HMAS, 5
Next Generation Technologies Fund, 47, 125
North African region, 32
North Atlantic Treaty Organization (NATO), 1, 32
northern Australia, 3, 132
North-West Mobile Force (NORFORCE), 15

O

Office of the Chief of the Defence Force, 16
Office of the Inspector-General of the Australian Defence Force, 74, 75
official visits (inwards), 72
Olgeta Warrior 2015, Exercise, 12–13
Ombudsman Act 1976, 82
One Defence
 business model, 1, 7, 51, 70
 leadership behaviours, 106
operating risks, 71

Operation Accordion (UAE), 5, 77
Operation Aslan (South Sudan), 5
Operation Fiji Assist (recovery), 4, 16, 30, 66–7, 77
Operation Gateway (maritime surveillance patrols), 32
Operation Highroad (Afghanistan), 5, 30, 90
Operation Manitou (maritime operations), 77
Operation Okra (Iraq–Syria), 4, 5, 30, 77
Operation Render Safe (Pacific Island nations), 32
Operation Resolute (border protection), 30
Operation Solania (maritime surveillance patrols), 32
operations 2015–16, 5
 costs, 63–4
 performance summary, 32, 33
Outcome 1: protection and advancement of Australia's national interests, 21, 22, 27
 costs, 59, 60–1
 expenses, 58
 programs 1.1–1.19 (see programs Outcome 1)
 revision, 18, 19
Outcome 2: advancement of Australia's strategic interests, 21, 27
 costs, 59, 62
 expenses, 58
 programs 2.1 and 2.2 (see programs Outcome 2)
Outcome 3: support to the Australian community and civilian authorities
 costs, 59, 62
 expenses, 58
 program 3.1 (see programs Outcome 3)
outcomes, 21, 31
Oversight Board, 2, 85

P

Pacific Patrol Boat Program, 55
Papua New Guinea Defence Force, 12, 13, 55
Papua New Guinea Department of Defence, 55
parliamentary business, 79
parliamentary committees, 79
Parliamentary Joint Committee on Intelligence and Security, 79
Parliamentary Standing Committee on Public Works, 79–80
Pathway to Change: Evolving Defence Culture, 3, 74, 110, 116, 118
people with disability, 2, 48, 49, 113, 114, 118
perfluorooctane sulfonate (PFOS), 134
perfluorooctanoic acid (PFOA), 134
performance overview, 27, 30
Perth, HMAS, 5
Pitch Black, Exercise, 140
PNG Defence Cooperation Program, 55
policy. *see also* Strategic Policy and Intelligence Group
 consolidation with intelligence functions, 42
Portfolio Additional Estimates Statements 2015–16, 27, 47, 70
Portfolio Budget Statements
 2015–16, 11, 27, 30, 47, 70
 2016–17, 22, 57
Prime Minister, 8, 20, 24, 122
procurement, 122, 123, 124–5
programs, 21
programs Outcome 1
 Program 1.1 Strategy, 60
 Program 1.2 Navy Capabilities, 60
 Program 1.3 Army Capabilities, 60
 Program 1.4 Air Force Capabilities, 60
 Program 1.5 Joint Operations Command, 60
 Program 1.6 Intelligence Capabilities, 60
 Program 1.7 Vice Chief of the Defence Force, 60

- Program 1.8 Capability Acquisition and Sustainment, 60
- Program 1.9 Defence Executive Support, 60
- Program 1.10 Estate and Infrastructure, 60
- Program 1.11 Chief Information Officer, 60
- Program 1.12 Defence People, 60
- Program 1.13 Defence Science and Technology, 60
- Program 1.14 Capability Development, 60
- Program 1.15 Chief Finance Officer, 60–1
- Program 1.16 Defence Force Superannuation Benefits, 61
- Program 1.17 Defence Force Superannuation Nominal Interest, 61
- Program 1.18 Housing Assistance, 61
- Program 1.19 Other Administered, 61
- programs Outcome 2
 - Program 2.1 Operations Contributing to Security of Immediate Neighbourhood, 62
 - Program 2.2 Operations Supporting Wider Interests, 62
- programs Outcome 3
 - Program 3.1 Defence Contribution to National Support Tasks, 62
- Project Suakin, 93
- projects of concern regime, 127
- property disposals, 40
- Public Governance, Performance and Accountability Act 2013* (PGPA Act), 10, 18, 27, 51, 52, 69, 70, 124
- Public Governance, Performance and Accountability Rule 2014* (PGPA Rule), 124, 148
- Public Interest Disclosure Act 2013*, 52, 87
- public interest disclosures, 52, 87
- Public Service Act 1999*, 102, 105, 111, 118
- Puk Puk, Exercise, 12–13
- purchasing, 124–5
- Purpose 1 Provide advice to Government
 - performance assessment, 31
 - performance delivering outcomes, 31
- Purpose 2 Conduct operations
 - performance assessment, 33
 - performance delivering outcomes, 33–6
- Purpose 3 Manage the capability lifecycle
 - performance assessment, 37–8
 - performance delivering outcomes, 38
- Purpose 4 Integrate enabling functions to support operations and capability
 - performance assessment, 39–40
 - performance delivering outcomes, 41
- Purpose 5 Enhance intelligence and security capability
 - performance assessment, 42–3
 - performance delivering outcomes, 44
- Purpose 6 Understand and shape Australia's international security environment
 - performance assessment, 45–6
 - performance delivering outcomes, 46
- Purpose 7 Partner with industry to enhance Defence capability
 - performance assessment, 47
- Purpose 8 Recruit, retain and skill a diverse ADF and APS workforce
 - performance assessment, 48–9
 - performance delivering outcomes, 49–50
- Purpose 9 Mature enterprise governance and decision making
 - performance assessment, 51
 - performance delivering outcomes, 52
- Purpose 10 Implement the First Principles Review and 2016 Defence White Paper
 - performance assessment, 53–4
 - performance delivering outcomes, 54
- purposes, 10, 30

Q

- questions on notice, 81

R

- RAND report, 3
- Reconciliation Action Plan 2015–18, 96, 116
- Reconciliation Australia, 96, 116
- regional security and stability, 1, 7, 45
- regional security partners, 55
- remuneration, 103–5
- Remuneration Tribunal, 103, 105
- Remuneration Tribunal Act 1973*, 105
- Republic of Fiji Military Forces, 4, 66, 67
- Republic of South Sudan, 5
- Reserves
 - days served, 92–3
 - headcount, 95
 - number of Reservists, 92
 - paid strength, 93
 - Project Suakin, 93
- Resource Management Guide No. 417—*Supplier Pay on Time or Pay Interest Policy*, 124
- resource summary, 22
- Review into the Treatment of Women in the Australian Defence Force, 115
- Review into the treatment of women in the Australian Defence Force—Phase 2 report*, 114, 116
- Review of Employment Pathways for APS Women in the Department of Defence, 115
- risk management, 70–1
- role charters, 84
- Royal Australian Air Force. *see* Air Force
- Royal Australian Navy. *see* Navy
- Royal Commission into Institutional Responses to Child Sexual Abuse, 5

S

- safety trend analysis reporting solution (STARS), 107
- Secretary of the Department of Defence
 - accountabilities, 53
 - remuneration, 105
 - review, 1–3
 - statement of preparation of annual performance statements, 27
- select incident review, 75
- SeMPRO. *see* Sexual Misconduct Prevention and Response Office
- SeMPRO supplementary report 2015–16*, 114
- Senate
 - committees, 80
 - estimates, 81
 - questions on notice, 81
- Senate Economics References Committee, 80
- Senate Estimates, 79, 81
- Senate Foreign Affairs, Defence and Trade References Committee, 82
- Senate Standing Committees on Foreign Affairs, Defence and Trade, 80, 81
- Senate Standing Committees on Legal and Constitutional Affairs, 80
- Senior Executive Service (SES)
 - APS salary ranges, 104
 - numbers, 2
 - performance pay, 105

senior leadership changes, 14
 Senior Leadership Group, 49, 50, 51
 remuneration, 105
 role charters, 84
 Sentinel, 107
 Service Police, 74
 Services Attachés and Advisers Group, 72
 Sexual Ethics Education in Defence program, 114
 sexual misconduct, 114
 Sexual Misconduct Prevention and Response Office (SeMPRO),
 114
 sexual orientation diversity, 119
 signals intelligence technologies, 42, 44
 Singapore, 55
 Sir Roland Wilson Foundation, 106
 small business, procurement initiatives, 124
 Smart Infrastructure Manual, 131, 133
 South China Sea, 1
 Special Operations Advise and Assist mission (Iraq), 4
 Standing Committee on Infrastructure and Communications, 80
 State of the Service reports, 118
 Stirling, HMAS, 55, 113
 strategic direction, 7, 69, 85
 Strategic Policy and Intelligence Group
 Contestability Division, 38, 84
 functions, 14, 31, 42
 Industry Policy Division, 47
 purpose, 84
 superannuation, 50, 104
 superannuation nominal interest, 50, 104
 Supervisor Security Handbook, 43
 Supplier Pay on Time or Pay Interest Policy, 124
 Supply Nation Connect Awards, 2016, 125

T

tactical payment scheme, 142
 Talisman Sabre 2015, Exercise, 17, 30, 45, 133
 Task Group Taji, 4
 Taurama Barracks, Port Moresby, 12
 Thailand, 45, 55
 33 Creative, 122
 Tiered Body Armour System, 100
 Timor-Leste, Defence Cooperation Program, 55
 Tropical Cyclone Winston, 4, 30, 66, 77
 tyre recycling, 135

U

United Kingdom, partnerships, 39
 United Nations, 123
 missions, 5, 32
 peacekeeping, 1
 Security Council Resolution 1325 on Women, Peace and
 Security, 16
 United States
 force posture, 3
 partnerships, 39, 45
 rebalance, 1
 United States Air Force, 128
 United States Army, 15
 United States Marine Corps, 13, 15, 45
 universities, partnerships, 39, 84, 133
 University of Canberra, 28, 29
 US-led coalition, 32

V

vetting practices, 43, 83
 Vice Chief of the Defence Force
 Investment Committee, 2, 7, 69, 84
 legislative authority, 1, 84
 military enabling functions, 39
 responsibilities, 11, 85
 Vice Chief of the Defence Force Group, 14
 Vietnamese People's Navy, 55
 VIP visits, 72
 viral epidemic forecasting algorithm, 39

W

Walgla Mining and Services Pty Ltd (SA), 123
 Wantok Warrior, Exercise, 13
 Waste Minimisation Policy, 133
 White Paper 2016. *see* Defence White Paper 2016
 women, 2, 16–17, 48, 90, 99, 115–16
 Women, Peace and Security, 16–17
*Women, peace and security—Reflections from Australian male
 leaders* (2015), 16
 'Women in the ADF' report, 116
 work health and safety
 achievements, 107
 audits, 107
 Comcare
 compliance program, 107
 interventions, 108
 culture, 109
 hazardous chemicals, 107
 incidents, 108–9
 management system (Sentinel), 107
 policy development, 107
 safety awareness surveys, 109
 safety trend analysis reporting solution (STARS), 107
 Work Health and Safety Committee, 106, 107
 Work Health and Safety (WHS) Strategy 2012–2017, 106
 workforce. *see also* Australian Defence Force (ADF); Australian
 Public Service (APS); Defence People Group
 ADF and APS integration, 48
 AWEL awards, 2016, 119
 Defence Strategic Workforce Plan, 30, 49, 85
 Defence White Paper allocation, 2, 89, 95
 diversity, 2, 48, 96, 99, 114–19
 gender, 101
 headcount, 95
 Indigenous participation, 2, 48
 in intelligence, 1, 48
 location, 95
 participation rates, 48
 people with disability, 2, 48, 49, 113, 114, 118
 planning, 89, 92–4
 recruitment, 48
 summary, 22, 89
 women, 2, 48, 90
 Workplace Remuneration Arrangement 2014–17, 103, 105

Y

YourSay survey, 109

© Commonwealth of Australia 2016

ISSN 1323-5036 (print)

ISSN 2203-0050 (online)

Volume One: Performance, governance and accountability

ISBN 978-0-9944235-8-0 (print)

ISBN 978-0-9946046-0-6 (online)



With the exception of the Commonwealth Coat of Arms and where otherwise noted (including photographs protected by copyright), material presented in this document is provided under a Creative Commons Attribution 3.0 Australia licence. Details of the relevant licence conditions are available on the Creative Commons website (<http://creativecommons.org.au>), as is the full legal code for the CC BY 3.0 AU licence.

The terms under which the Coat of Arms can be used are detailed on the *It's an Honour* website (www.dpmc.gov.au/government/its-honour).

Apart from any use as permitted under the *Copyright Act 1968*, no image may be reproduced by any process without prior written permission from the Department of Defence.

The report should be attributed as the *Defence Annual Report 2015–16*.

Internet

The Department of Defence website www.defence.gov.au provides a comprehensive resource on matters of military security, capability and people issues.

An electronic version of this report, and supplementary content to this report that includes additional detailed information, can be accessed at www.defence.gov.au/annualreports/15-16.

Contact

Feedback about this report is welcome and should be directed to:

Assistant Secretary Enterprise Governance
Department of Defence
Russell Offices R2-1-C066
Canberra ACT 2600
Telephone: (02) 6265 1132

Acknowledgements

This report was developed by the Governance and Reform Division, with input and assistance from staff throughout Defence.

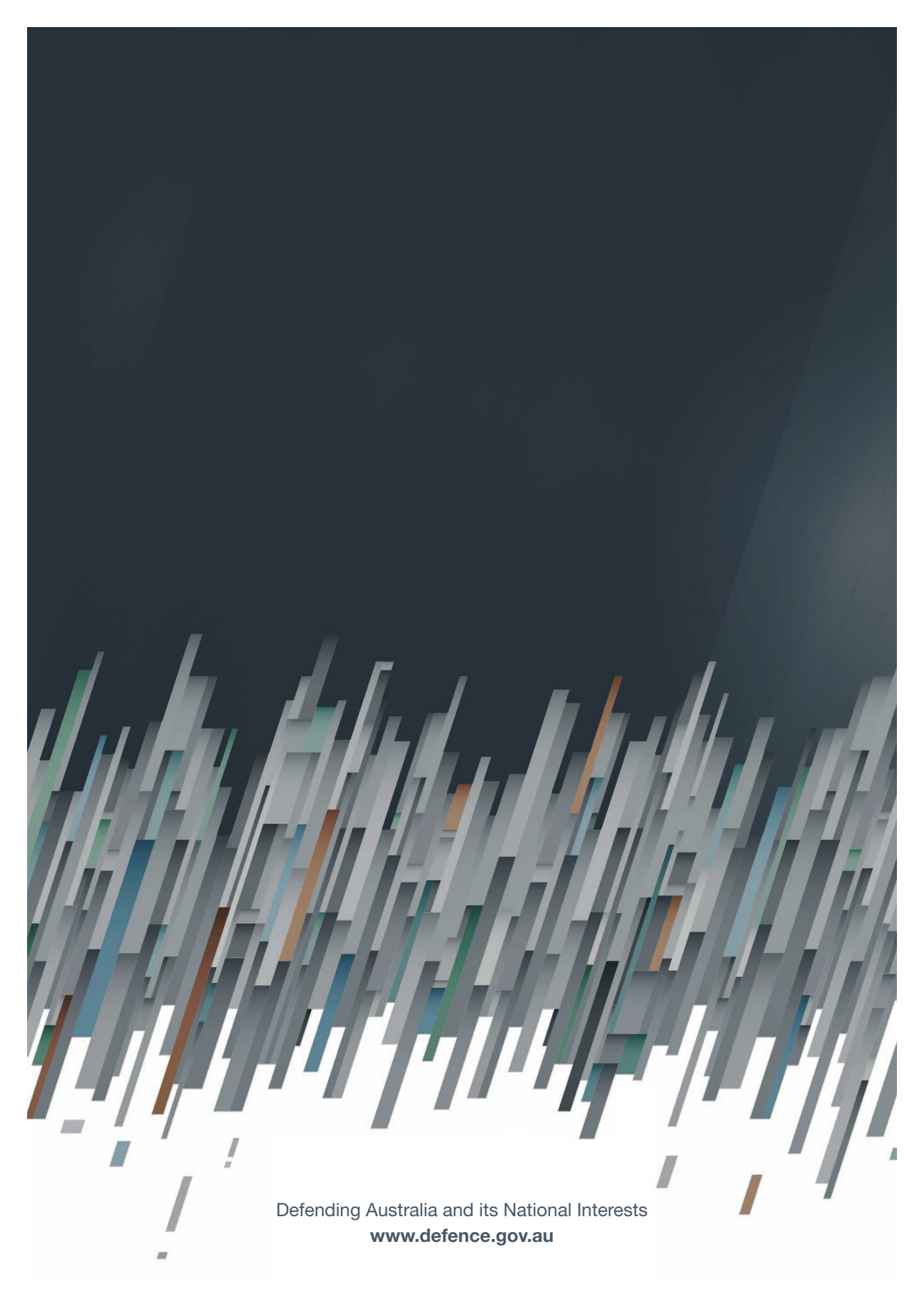
Editorial consultant: Wilton Hanford Hanover

Concept and design: Defence Publishing Service (DPS: JUN041-16)

Photographs: All photographs are from the Australian Defence Image Library, <http://images.defence.gov.au/fotoweb>.

Cover art: CRE8IVE

Printing: CanPrint



Defending Australia and its National Interests
www.defence.gov.au



Australian Government
Department of Defence

Defence Annual Report

2015–16

Volume Two

Audited financial statements





Delivering now, building for the future

Defence has been entrusted to defend Australia and its national interests since Federation in 1901. This history has seen Defence support the Australian Government through the conduct of warlike, peacekeeping and humanitarian operations and through the provision of support to the community on the home front, particularly in response to natural disasters.

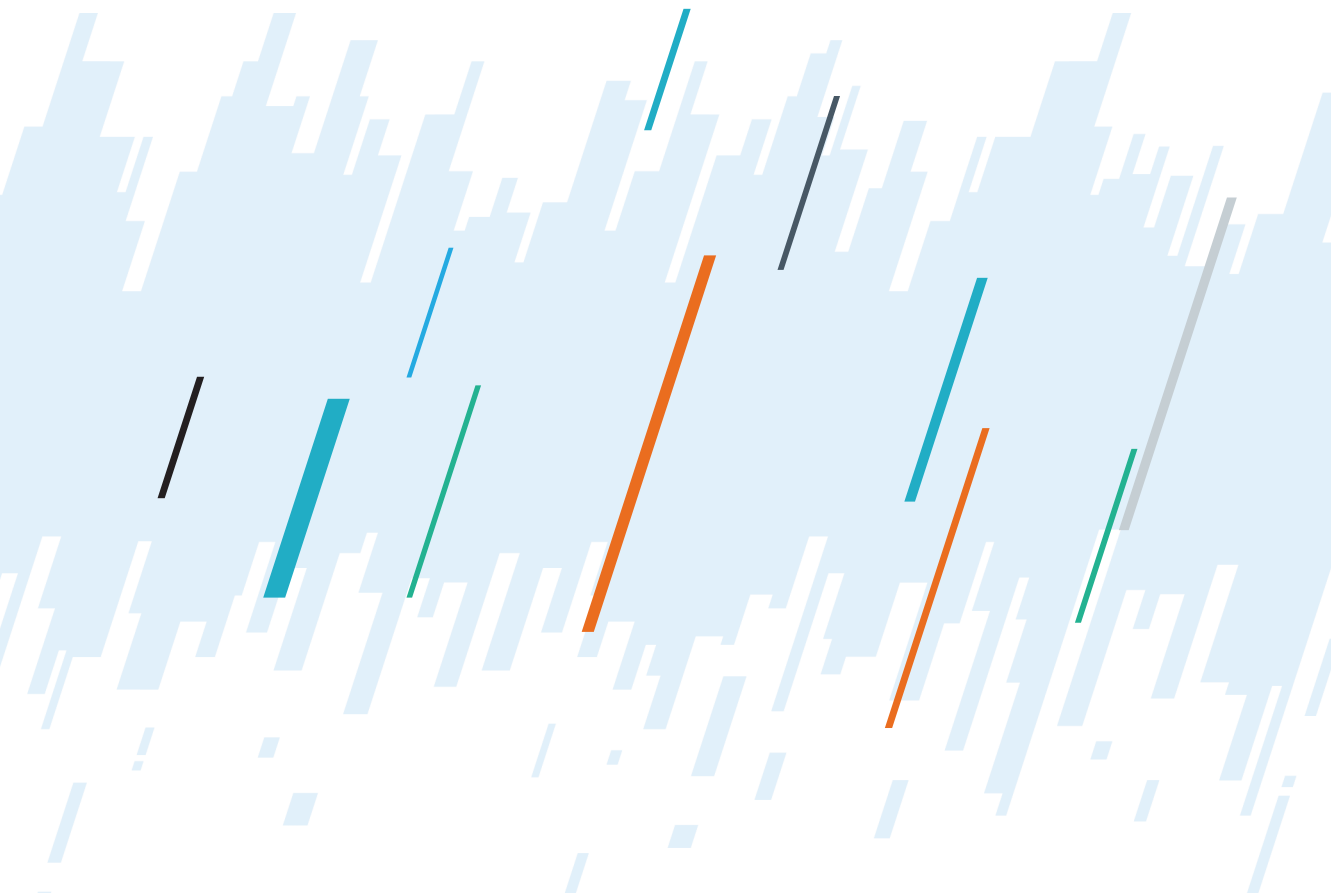
Defence works alongside allies and partner nations to contribute to regional and global security so that all Australians may prosper in a safe and secure community. To support this work, the Government has invested in developing Defence capability for more than a century. This investment has provided Defence with some of the best equipment, platforms and systems available, including those developed by Australia's defence industry. While this hardware is critical to Defence's success, the most important Defence capability is our people. There are approximately 100,000 people working in Defence, including permanent and reserve Australian Defence Force members, public servants and contractors. This highly capable workforce is based around Australia and overseas, developing partnerships with local communities, business and government, in support of achieving the Defence mission.

The First Principles Review of Defence found that while Defence was delivering now, it needed to transform to be able to build for the future. It recommended a new business model and structure that would enable Defence to operate as a more unified and integrated organisation that is more consistently linked to its strategy and clearly led by its centre. This work, begun in 2015–16, will continue in 2016–17, to ensure that Defence can continue to protect and advance Australia's strategic interests, as required by Government and outlined in the 2016 Defence White Paper.

Defence Annual Report 2015–16



Volume Two
Audited financial statements



User guide

Purpose of the annual report

This is the annual report from the Secretary of Defence and the Chief of the Defence Force to the Minister for Defence for the financial year ended 30 June 2016. The report addresses the purposes and outcomes of the Department of Defence and the Australian Defence Force—collectively known as Defence.

The report relates to Defence's performance for the period 1 July 2015 to 30 June 2016. It is the primary mechanism of accountability to the Parliament of Australia and provides readers with a useful and informative picture of the department's performance during 2015–16.

Defence is committed to maintaining accountability and transparency in its activities and continually improving its reporting.

Report structure

The structure of this report is significantly different to reports from previous years. The Government's Public Management Reform Agenda seeks to improve the quality of Commonwealth entities' corporate planning and performance measurement. To support this change, new annual reporting requirements were published by the Department of Finance in July 2016. This report meets those requirements and is published in two volumes for ease of reference.

Volume One: Performance, governance and accountability

Chapters 1 and 2 contain a review of the year by the Secretary and the Chief of the Defence Force, including the highlights and challenges, as well as priorities for the year ahead. These chapters also provide an overview of the portfolio and the department, including its role, functions, purposes, ministers, organisational structure, and outcome and program framework.

Chapters 3 and 4 provide an assessment of Defence's performance in achieving Government-directed outcomes in the reporting period.

Chapters 5 and 6 detail the department's corporate governance arrangements and management and accountability processes.

Chapters 7 and 8 include information on workforce and asset management, purchasing and capital investment.

Chapters 9 and 10 discuss Defence's environmental performance and include other mandatory information such as advertising and market research and other administrative activities.

Appendices provide additional information about consultants and contractors, legal expenses, exempt contracts and where to find information referred to in section 17AJ(d) of the *Public Governance, Performance and Accountability Rule 2014* and in Resource Management Guide No. 135—*Annual reports for non-corporate Commonwealth entities*.

A list of abbreviations and acronyms and an alphabetical index are provided at the end of Volume One.

Volume Two: Audited financial statements

Volume Two contains the audited financial statements for the year ending 30 June 2016.

Non-financial performance measurement

This report is the first to contain annual performance statements—a new requirement under the *Public Governance, Performance and Accountability Act 2013*. The purpose of the performance statements is to demonstrate what impact Commonwealth entities are making through the achievement of their purposes and the delivery of their outcomes.

Non-financial performance is reported against the measures outlined in the *2015–16 Defence Corporate Plan* and the Portfolio Budget Statements and Portfolio Additional Estimates Statements for the same period.

The performance criteria from the Portfolio Budget Statements and Portfolio Additional Estimates Statements for 2015–16 were assessed using the three measures shown below.

Achieved	Criterion was met or exceeded
Partially achieved	Some aspects of the criterion were met and any issues were being managed
Not achieved	No progress or minimal progress was made

A narrative summary is provided in Chapter 3 (Volume One) for each performance criterion from the *2015–16 Defence Corporate Plan*.

Online content

An electronic version of this report and supplementary performance information may be accessed at www.defence.gov.au/annualreports/15-16.

Contents

User guide	ii
Independent auditor's report	1
Statement by the accountable authority and Chief Finance Officer	3
Statement of comprehensive income	4
Statement of financial position	6
Statement of changes in equity	8
Cash flow statement	10
Administered schedule of comprehensive income	13
Administered schedule of assets and liabilities	15
Administered reconciliation schedule	16
Administered cash flow statement	17
Notes to and forming part of the financial statements	18



Auditor-General for Australia



INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence

I have audited the accompanying annual financial statements of the Department of Defence for the year ended 30 June 2016, which comprise:

- Statement by the Accountable Authority and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements.

Opinion

In my opinion, the financial statements of the Department of Defence:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Department of Defence as at 30 June 2016 and its financial performance and cash flows for the year then ended.

Accountable Authority's Responsibility for the Financial Statements

The Secretary of the Department of Defence is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act and is also responsible for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone +61 2 6203 7500 Fax +61 2 6273 5355
Email grant.hehir@anao.gov.au

judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Australian National Audit Office



Grant Hehir

Auditor-General

Canberra

19 September 2016

Department of Defence**STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2016 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

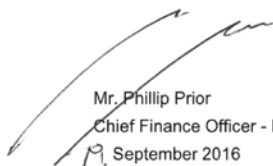
In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Defence will be able to pay its debts as and when they fall due.

Signed



Mr. Dennis Richardson
Secretary - Defence
19 September 2016

Signed



Mr. Phillip Prior
Chief Finance Officer - Defence
19 September 2016

Department of Defence

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2016

		2016 \$'000	2015 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES				
	Notes			
EXPENSES				
Employee benefits	1.1A	11,655,972	10,356,236	11,667,963
Suppliers expenses	1.1B	12,191,530	11,800,680	12,531,134
Grants	1.1C	128,625	115,364	104,465
Depreciation and amortisation	3.2A	4,511,504	4,257,845	4,535,334
Finance costs	1.1D	114,908	137,869	152,088
Write-down and impairment of assets	1.1E	696,765	1,421,750	916,304
Foreign exchange losses	1.1F	18,624	2,054	-
Losses from asset sales		657	51,643	-
Other expenses	1.1G	244,917	116,742	36,481
Total Expenses		29,563,502	28,260,183	29,943,769
LESS:				
OWN-SOURCE INCOME				
Own-Source Revenue				
Provision of goods and rendering of services (including cost recovery)	1.2A	447,417	490,908	552,988
Sustainment expenditure recovered from DMO		-	187,101	-
Recovery of military salaries from DMO		-	181,883	-
Resources received free of charge - DMO		-	686,860	-
Rental income	1.2B	5,722	7,706	9,865
Other revenue	1.2C	74,864	96,117	42,262
Total Own-Source Revenue		528,003	1,650,575	605,115
Gains				
Gains from asset sales		-	-	28,286
Reversals of previous asset write-downs and impairment	1.2D	258,502	294,866	328,746
Other gains	1.2E	70,218	37,271	5,386
Total Gains		328,720	332,137	362,418
Total own-source income		856,723	1,982,712	967,533
Net cost of services		28,706,779	26,277,471	28,976,236
Revenue from Government	1.2F	28,900,438	26,298,242	28,976,236
Surplus/(Deficit) attributable to the Australian Government		193,659	20,771	-
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves	3.2A	9,775,665	407,115	-
Total other comprehensive income/(loss)		9,775,665	407,115	-
Total comprehensive income/(loss) attributable to the Australian Government		9,969,324	427,886	-

¹ Defence's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from Defence's 2015-16 Portfolio Budget Statements). The budget is not audited.

The above statement should be read in conjunction with the accompanying notes.

Department of Defence

STATEMENT OF COMPREHENSIVE INCOME (continued)

For the period ended 30 June 2016

Budget Variances Commentary

In accordance with guidance provided by the Department of Finance, explanations are only provided where the variance at a financial statement line item level is greater than 10% of the Original Budget for that line item.

Statement of Comprehensive Income

Affected line items	Explanation of major variances
<i>Grants</i> Variance: \$24m; 23%	Grants predominately relate to the overseas payment of USD80m to the Afghan National Army Trust Fund. The depreciation of the Australian dollar to the USD has resulted in additional payments being made.
<i>Finance costs</i> Variance: \$37m; 24%	As a result of the early payout of housing projects and the upfront payment made in relation to the refinancing of leases, finance costs are less than that anticipated in the Original Budget.
<i>Write down and impairment of assets</i> Variance: \$220m; 24%	During the 2015-16 financial year, Defence were required to adopt a fair value policy in relation to its Specialist Military Equipment. As a result of this policy, impairment losses are treated as revaluation decrements as opposed to being recognised as an expense. This policy was not anticipated at the time of the Original Budget.
<i>Foreign exchange losses</i> Variance: \$19m	The actual loss has resulted from the depreciation of the Australian dollar. This was not included in the Original Budget due to the unpredictability of fluctuations in the foreign exchange rates.
<i>Losses / gains from asset sales</i> Variance: \$29m; 102%	During 2015-16 sales of land and buildings resulted in unanticipated losses as a result of market conditions. A number of the properties which were anticipated to be sold by Defence in 2015-16 have been deferred to later years due to delays in negotiations, resulting in an under achievement of gains from the sales of land and buildings.
<i>Other expenses</i> Variance: \$208m; 571%	Land decontamination work commenced at one of Defence's facilities during 2015-16. This work provided a more reliable basis to determine future costs which resulted in a much higher than anticipated increase in the provision in 2015-16 compared to the Original Budget.
<i>Provision of goods and rendering of services</i> Variance \$106m; 19%	Own-source revenue from the activities undertaken by Defence predominately includes the reimbursement of costs from the ADF relating to housing, revenues associated with the participation in international activities, sales of fuel to foreign Governments and surplus inventory, and the partial reimbursements of costs associated with the provision of rations and quarters. The result for 2015-16 is predominately due to an under achievement across these activities.
<i>Rental income</i> Variance: \$4m; 42%	Rental income was over estimated in the Original Budget predominately due to the rental of non-housing properties being less than anticipated.
<i>Other revenue</i> Variance: \$33m; 77%	Other revenue was under estimated predominately due to the uncertain nature of liquidated damages received by Defence.
<i>Reversals of previous asset writedowns</i> Variance: \$70m; 21%	During the 2015-16 financial year, Defence were required to adopt a fair value policy in relation to its Specialist Military Equipment. As a result of this policy, the reversal of previous impairment losses are treated as revaluation increments as opposed to being recognised as income. This policy was not anticipated at the time of the Original Budget.
<i>Other gains</i> Variance: \$65m; 1,204%	Defence reduced the decommissioning provisions for some of its Specialist Military Equipment in 2015-16 based on observable costs and activities, resulting in higher than expected other gains. Land decontamination activities were also completed at a cost that was lower than initially anticipated resulting in a write-back of the decontamination provision.
<i>Changes in asset revaluation reserves</i> Variance: \$9,776m	During the 2015-16 financial year, Defence were required to adopt a fair value policy in relation to its Specialist Military Equipment. This fair value policy was not anticipated at the time of the Original Budget. The revaluation of all other property, plant and equipment is not included in the Original Budget due to the uncertainty of the movement in the market for these assets.

Department of Defence
STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

		2016 \$'000	2015 \$'000	Original Budget ¹ \$'000
	Notes			
ASSETS				
Financial Assets				
Cash and cash equivalents	3.1A	47,597	44,150	142,732
Trade and other receivables	3.1B	1,406,929	998,278	754,421
Total financial assets		1,454,526	1,042,428	897,153
Non-financial assets				
Land and buildings	3.2A	17,641,072	17,654,513	18,099,022
Specialist military equipment	3.2A	56,217,433	42,651,237	46,518,675
Infrastructure	3.2A	5,630,439	5,571,994	5,295,055
Plant and equipment	3.2A	2,111,345	1,780,646	1,846,896
Heritage and cultural assets	3.2A	623,102	1,006,948	1,002,315
Intangibles	3.2A	794,155	818,330	794,076
Inventories	3.2B	6,729,988	6,463,531	6,199,126
Prepayments	3.2C	2,874,690	1,384,462	1,757,003
Total non-financial assets		92,622,224	77,331,661	81,512,168
Assets held for sale	3.2D	63,538	37,684	28,693
Total Assets		94,140,288	78,411,773	82,438,014
LIABILITIES				
Payables				
Suppliers	3.3A	2,539,881	1,164,800	2,482,671
Personal benefits	3.3B	27,776	304,104	222,739
Other payables	3.3C	225,123	173,315	61,680
Total Payables		2,792,780	1,642,219	2,767,090
Interest bearing liabilities				
Finance leases	3.4A	1,534,423	1,440,999	1,389,392
Total interest bearing liabilities		1,534,423	1,440,999	1,389,392
Provisions				
Employee provisions	3.5A	2,705,095	2,358,927	2,536,631
Restoration, decontamination and decommissioning	3.5B	1,286,184	1,001,192	1,003,971
Other provisions	3.5C	29,193	290	5,318
Total provisions		4,020,472	3,360,409	3,545,920
Total Liabilities		8,347,675	6,443,627	7,702,402
NET ASSETS		85,792,613	71,968,146	74,735,612
EQUITY				
Contributed equity		25,810,891	22,321,616	25,028,870
Reserves		24,757,498	15,299,466	14,892,641
Retained surpluses		35,224,224	34,347,064	34,814,101
TOTAL EQUITY		85,792,613	71,968,146	74,735,612

¹ Defence's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from Defence's 2015-16 Portfolio Budget Statements). The budget is not audited.

The above statement should be read in conjunction with the accompanying notes.

Department of Defence

STATEMENT OF FINANCIAL POSITION (continued)

as at 30 June 2016

Budget Variances Commentary

In accordance with guidance provided by the Department of Finance, explanations are only provided where the variance at a financial statement line item level is greater than 10% of the Original Budget for that line item.

Statement of Financial Position

Affected line items	Explanation of major variances
<i>Cash and cash equivalents</i> Variance: \$95m; 67%	The Original Budget included an amount of \$131m relating to a Special Account that ceased on 1 October 2015 under the sunset provisions of the Legislative Instruments Act 2003. Further, Defence had an unanticipated under spend in operations and foreign exchange (no-win/no-loss) resulting in the need for cash and appropriation reserves to be held, in order to be paid back to the OPA at Additional Estimates.
<i>Trade and other receivables</i> Variance: \$653m; 86%	Trade and other receivables exceeded budget due to an unanticipated under spend in operations and foreign exchange (no win/no loss) resulting in the need for cash and appropriation reserves to be held, in order to be paid back to the OPA at Additional Estimates.
<i>Specialist military equipment</i> Variance: \$9,699m; 21%	During the 2015-16 financial year, Defence were required to adopt a fair value policy in relation to its Specialist Military Equipment, resulting in a revaluation increment being recorded against Specialist Military Equipment in 2015-16. This fair value policy was not anticipated at the time of the Original Budget.
<i>Plant and equipment</i> Variance: \$264m; 14%	During 2015-16, \$120m of plant and equipment was acquired through finance lease which was not included in the Original Budget. Further, plant and equipment identified at a Defence site has been reclassified in 2015-16.
<i>Heritage and cultural</i> Variance: \$379m; 38%	The under achievement results from downward revaluations of Heritage buildings which were previously valued on the reproduction cost basis and are now valued on the depreciated reproduction cost basis consistent with the current accounting treatment for Heritage buildings. Due to the uncertain nature of revaluations these were not included in the Original Budget.
<i>Prepayments</i> Variance: \$1,118m; 64%	Prepayments include amounts paid to the Foreign Military Sales (FMS) Account in the United States of America for purchases of Military Equipment. Payments are made in accordance with the Special Billing Arrangements in the Memorandum of Understanding. The increased balance reflects the increased activity against major FMS cases.
<i>Assets held for sale</i> Variance: \$35m; 121%	The variance for assets held for sale is predominately due to additional Defence properties and Specialist Military Equipment being held for sale as at 30 June 2016 which was not in the Original Budget.
<i>Personal benefits</i> Variance: \$195m; 88%	The variance arises due to the timing of the last payroll in the financial year. In 2015-16 the last payroll was on 30 June 2016.
<i>Other payables</i> Variance: \$163m; 265%	Other payables exceeded budget predominately due to employee related payables being in excess of the Original Budget mainly due to a rate change in fringe benefits tax.
<i>Finance leases</i> Variance: \$145m; 10%	The over achievement is due to a new Navy lease entered into in the current year which was not included in the Original Budget.
<i>Restoration, decontamination and decommissioning</i> Variance: \$282m; 28%	The variance is predominantly due to a significant increase in one of Defence's existing land decontamination provisions. Remediation work on the site during the year provided a more reliable basis to estimate the decontamination cost for the facility.
<i>Other provisions</i> Variance: \$24m; 449%	In 2015-16 Defence increased other provisions due to a higher probability for legal claims against the Department. Due to the uncertain nature of these items, the movement in the provision was not anticipated in the Original Budget.
<i>Reserves</i> Variance: \$9,865m; 66%	During the 2015-16 financial year, Defence were required to adopt a fair value policy in relation to its Specialist Military Equipment. This fair value policy was not anticipated at the time of the Original Budget. The revaluation of all other property, plant and equipment is not included in the Original Budget due to the uncertainty of the movement in the market for these assets.

Department of Defence
STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000	Original Budget ¹ \$'000
Notes			
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	22,321,616	19,241,530	22,154,536
Adjustment for errors	-	-	-
Adjusted opening balance	22,321,616	19,241,530	22,154,536
Transactions with owners			
<i>Distribution to owners</i>			
Returns on capital - other	-	-	(875)
<i>Contribution by owners</i>			
Equity injection - Appropriation	2,942,961	2,758,491	2,875,209
Restructuring	444,566	-	-
Transfers from/(to) other entities	101,748	321,595	-
Total transactions with owners	3,489,275	3,080,086	2,874,334
Closing balance as at 30 June	25,810,891	22,321,616	25,028,870
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	34,347,064	33,993,577	34,296,955
Adjustment for errors	683,501	332,716	-
Adjusted opening balance	35,030,565	34,326,293	34,296,955
Transactions with owners			
<i>Contribution by owners</i>			
Transfers from/(to) other entities	-	-	517,146
Total transactions with owners	-	-	517,146
Comprehensive income			
Surplus/(deficit) for the period	193,659	20,771	-
Total comprehensive income	193,659	20,771	-
Closing balance as at 30 June	35,224,224	34,347,064	34,814,101
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	15,299,466	14,892,351	14,892,641
Adjustment for errors	(317,633)	-	-
Adjusted opening balance	14,981,833	14,892,351	14,892,641
Comprehensive income			
Other comprehensive income	9,775,665	407,115	-
Total comprehensive income	9,775,665	407,115	-
Closing balance as at 30 June	24,757,498	15,299,466	14,892,641

The above statement should be read in conjunction with the accompanying notes.

Department of Defence

STATEMENT OF CHANGES IN EQUITY (Continued)

For the period ended 30 June 2016

	2016	2015	Original Budget ¹
	\$'000	\$'000	\$'000
Notes			
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	71,968,146	68,127,458	71,344,132
Adjustment for errors	365,868	332,716	-
Adjusted opening balance	72,334,014	68,460,174	71,344,132
Comprehensive income			
Surplus/(deficit) for the period	193,659	20,771	-
Other comprehensive income	9,775,665	407,115	-
Total comprehensive income	9,969,324	427,886	-
Transactions with owners			
<i>Distribution to owners</i>			
Returns on capital - other	-	-	(875)
<i>Contribution by owners</i>			
Equity injection - Appropriation	2,942,961	2,758,491	2,875,209
Restructuring 8.2A	444,566	-	-
Transfers from/(to) other entities	101,748	321,595	517,146
Total transactions with owners	3,489,275	3,080,086	3,391,480
Closing balance as at 30 June	85,792,613	71,968,146	74,735,612

¹ Defence's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from Defence's 2015-16 Portfolio Budget Statements). The budget is not audited.

Budget Variances Commentary

In accordance with guidance provided by the Department of Finance, explanations are only provided where the variance at a financial statement line item level is greater than 10% of the Original Budget for that line item.

Statement of Changes in Equity

Affected line items	Explanation of major variances
<i>Adjustment for errors</i> Variance: \$366m	Accounting errors are not budgeted for. These errors were identified in 2015-16, but relate to prior years and as a result have been recorded to equity rather than in the Statement of Comprehensive Income.
<i>Other comprehensive income</i> Variance: \$9,776m	The revaluation of all property, plant and equipment was not included in the Original Budget due to the uncertainty of the movement in the market for these assets.
<i>Restructuring</i> Variance: \$445m	As a result of the First Principles Review the Defence Materiel Organisation was disbanded and transferred into Defence with effect from 1 July 2015. The Original Budget amount for restructuring was an estimate made before the value was finalised.
<i>Transfers (from)/to other entities</i> Variance: \$415m; 80%	During the prior year, the Department of Finance transferred assets to Defence in relation to the Moorebank relocation. The transfer occurred ahead of schedule and was not included in the prior year Original Budget.

Accounting Policy

(a) Equity Injections

Amounts appropriated which are designated as 'equity injections' (less any formal reductions) are recognised directly in contributed equity in that year. Equity injection appropriations in Acts passed after the commencement of the period are recognised from the date of royal assent.

(b) Restructuring of Administrative Arrangements

Net assets/liabilities received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are recognised as contributions or distributions of equity respectively, at their net book value.

(c) Other Distributions to Owners including Repayments of Appropriations

The *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) requires that distributions to owners be debited to contributed equity unless it is a dividend. Repayments and reductions of Appropriations are recognised either as a reduction of appropriation revenue or as a reduction of contributed equity.

Department of Defence
CASH FLOW STATEMENT

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000	Original Budget ¹ \$'000
Notes			
OPERATING ACTIVITIES			
Cash received			
Appropriations (current year)	28,882,900	26,082,690	28,976,236
Appropriations (prior year)	145,264	-	-
Section 74 receipts from OPA	358,227	1,036,575	12,692
Goods and services (including cost recovery)	535,650	849,693	552,988
Interest received	2,751	7	-
Net GST received	1,490,160	658,642	796,841
Other	137,944	82,600	52,127
Total cash received	31,552,896	28,710,207	30,390,884
Cash used			
Employees	(11,693,870)	(10,440,150)	(11,664,574)
Suppliers	(11,375,647)	(10,224,383)	(11,202,746)
Net GST paid	(1,495,981)	(676,768)	(796,841)
Grants	(129,411)	(115,305)	(104,465)
Section 74 receipts transferred to OPA	(352,406)	(1,036,562)	-
Cash returned to OPA	(10,064)	(2,423)	(875)
Other	(34,217)	(37,834)	(36,481)
Total cash used	(25,091,596)	(22,533,425)	(23,805,982)
Net cash flows from/(used by) operating activities	5.3A 6,461,300	6,176,782	6,584,902
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of land and buildings	44,360	65,182	196,361
Proceeds from sales of specialist military equipment	14,860	1,652	7,549
Proceeds from sales of plant and equipment	26,905	31,310	23,064
Other	619	181	-
Total cash received	86,744	98,325	226,974
Cash used			
Purchase of land and buildings	(672,507)	(922,712)	(974,312)
Purchase of specialist military equipment	(5,918,596)	(6,302,121)	(6,556,394)
Purchase of infrastructure	(187,327)	(182,074)	(196,029)
Purchase of plant and equipment	(389,284)	(311,053)	(391,721)
Purchase of heritage and cultural assets	(6,301)	(80)	-
Purchase of intangibles	(93,879)	(81,935)	(60,439)
Purchase of inventory	(1,654,853)	(1,005,880)	(1,358,054)
Selling costs on sale of assets	(4,271)	(2,609)	(5,693)
Finance costs	(87,585)	(101,151)	(105,845)
Total cash used	(9,014,603)	(8,909,615)	(9,648,487)
Net cash flows (used by)/from investing activities	(8,927,859)	(8,811,290)	(9,421,513)

The above statement should be read in conjunction with the accompanying notes.

Department of Defence

CASH FLOW STATEMENT (Continued)

For the period ended 30 June 2016

	2016	2015	Original Budget ¹
	\$'000	\$'000	\$'000
FINANCING ACTIVITIES			
Cash received			
Contributed equity (current year)	2,535,548	2,758,491	2,875,209
Total cash received	2,535,548	2,758,491	2,875,209
Cash used			
Repayments of debt (including finance lease principal)	(32,498)	(111,995)	(38,598)
Total cash used	(32,498)	(111,995)	(38,598)
Net cash from financing activities	2,503,050	2,646,496	2,836,611
Net increase in cash held	36,491	11,988	-
Cash and cash equivalents at the beginning of the reporting period	44,150	35,490	142,732
Opening cash transferred in relating to DMO	(32,619)	-	-
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period	(425)	(3,328)	-
Cash and cash equivalents at the end of the reporting period	47,597	44,150	142,732

3.1A

¹ Defence's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from Defence's 2015-16 Portfolio Budget Statements). The budget is not audited.

Department of Defence

CASH FLOW STATEMENT (continued)

For the period ended 30 June 2016

Budget Variances Commentary

In accordance with guidance provided by the Department of Finance, explanations are only provided where the variance at a financial statement line item level is greater than 10% of the Original Budget for that line item.

Cash Flow Statement

Affected line items	Explanation of major variances
Section 74 receipts from OPA Section 74 receipts transferred to OPA Variance: \$7m; 54%	Defence is entitled to retain Section 74 receipts under the Public Governance, Performance and Accountability Act 2013. These receipts are returned to OPA and drawn down as Appropriations when required. The Original Budget did not include the transfer of funds to and from the OPA as the receipts transferred and amounts ultimately drawn down as Appropriations are budgeted to be the same.
Net GST received / Net GST paid Variance: \$6m	Defence budget to have a nil cash impact resulting from GST paid and received. The net outcome of GST paid and received for 2015-16 is \$6m which is considered to be in line with the Original Budget estimate.
Other cash received from Operating Activities Variance: \$86m; 165%	During the 2015-16 financial year, Defence received operating cash for liquidated damages, receipts from foreign Governments for various activities undertaken, and refunds relating to Foreign Military Sales (FMS). Due to the uncertain nature of these activities, the Original Budget does not anticipate such receipts.
Grants Variance: \$25m; 24%	Grants predominately relate to the overseas payment of USD80m to the Afghan National Army Trust Fund. The depreciation of the Australian dollar to the USD has resulted in additional payments being made.
Cash returned to the OPA Variance: \$9m; 1,050%	Cash returned to the OPA was under estimated predominately due to the timing of proceeds from the sales of assets as these funds cannot be retained by Defence.
Proceeds from sale of land and buildings Variance: \$152m; 77%	A number of the properties which were anticipated to be sold by Defence in 2015-16 have been deferred to later years due to delays in negotiations, resulting in an under achievement of proceeds from the sales of land and buildings.
Proceeds from sale of specialist military equipment Variance: \$7m; 97%	Proceeds from sales of Specialist Military Equipment includes proceeds from the sale of an aircraft to a foreign Government. These proceeds were not anticipated in the Original Budget.
Proceeds from sale of plant and equipment Variance: \$4m; 17%	Receipts from the proceeds from sales of plant and equipment were greater than the Original Budget due to assets being sold at a price higher than anticipated.
Purchase of land and buildings Variance: \$302m; 31%	The variance in cash utilised to purchase land and buildings is predominately due to the deferral of payments in the facilities and infrastructure program to future years.
Purchase of heritage and cultural assets Variance: \$6m	The purchase of heritage and cultural assets was over achieved in 2015-16 due to specific assets being capitalised as such assets were to be utilised as gate guardians at Army barracks across Australia. This was not anticipated in the Original Budget.
Purchase of intangibles Variance: \$33m; 55%	The variance relating to the purchase of intangibles predominately relates to the acquisition of software in excess of those amounts included in the Original Budget.
Purchase of inventory Variance: \$297m; 22%	The purchase of inventory is to be considered in conjunction with the other sustainment activities contained within payments to suppliers. In combination, these activities approximate the Original Budget. The over achievement relating to the purchase of inventory is associated with the accelerated acquisition of explosive ordnance and general stores inventory.
Finance costs Variance: \$18m; 17%	As a result of the early payout of housing projects and the upfront payment made in relation to the refinancing of leases, finance costs are less than that anticipated in the Original Budget.
Contributed equity Variance: \$340m; 12%	Contributed equity is less than the Original Budget predominately as a result of the impact of the movement in the foreign exchange rate during the financial year, and other Government measures.
Repayments of debt Variance: \$6m; 16%	The under achievement relating to the repayment of debt predominately results from finance lease liabilities being taken up by the Department later than anticipated and therefore, the associated repayments being delayed.

Department of Defence

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

For the period ended 30 June 2016

		2016 \$'000	2015 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES				
	Notes			
EXPENSES				
Employee benefits	2.1A	6,750,415	5,828,627	5,110,615
Subsidies	2.1B	104,569	98,363	119,777
Write-down and impairment of assets	2.1C	72	11	-
Total expenses		6,855,056	5,927,001	5,230,392
LESS:				
INCOME				
Revenue				
Non taxation revenue				
Fees and fines	2.2A	15,094	14,297	14,416
Interest	2.2B	26,479	28,610	30,936
Dividends	2.2C	62,719	54,637	50,476
Military superannuation contributions	2.2D	1,522,810	1,285,809	1,347,113
Other revenue	2.2E	46,643	46,140	31,652
Foreign exchange gains	2.2F	148	798	-
Total non-taxation revenue		1,673,893	1,430,291	1,474,593
Total revenue		1,673,893	1,430,291	1,474,593
Net cost of services		5,181,163	4,496,710	3,755,799
Deficit attributable to the Australian Government		(5,181,163)	(4,496,710)	(3,755,799)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves		75,374	150,593	-
Actuarial gains/(losses) on defined benefits plans		(25,997,700)	(7,448,500)	27,031,201
Total other comprehensive income		(25,922,326)	(7,297,907)	27,031,201
Total comprehensive income/(loss)		(31,103,489)	(11,794,617)	23,275,402

¹ Defence's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from Defence's 2015-16 Portfolio Budget Statements). The budget is not audited.

Department of Defence

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME (continued)

For the period ended 30 June 2016

Budget Variances Commentary

In accordance with guidance provided by the Department of Finance, explanations are only provided where the variance at a financial statement line item level is greater than 10% of the Original Budget for that line item.

Administered Schedule of Comprehensive Income

Affected line items	Explanation of major variances
<i>Employee Benefits</i> Variance: \$1,640m; 32%	The variation is due to a larger number of superannuation members served and a higher employer cost of serving members.
<i>Subsidies</i> Variance: \$15m; 13%	The variation is due to the actual number of beneficiaries being lower than forecast, as well as actual interest rates averaging 4.83% as compared to a budgeted interest rate of 5.88%.
<i>Interest</i> Variance: \$4m; 14%	The variation is due to three maturing loans (with a total value of \$65.48m) having rolled over at lower interest rates during the 2015-16 financial year.
<i>Dividends</i> Variance: \$12m; 24%	The variation is due to the higher dividend income from related parties as a result of related parties achieving higher net profit after tax.
<i>Military superannuation contributions</i> Variance: \$176m; 13%	The variation is due to the higher actual superannuation rates than the rates used for the original budget. DFRDB's rate has increased from 29.7% to 35.9% and MSBS's rate has increased from 30.4% to 33.2%.
<i>Other revenue</i> Variance: \$15m; 47%	The variation is due to the revenue from related parties and non-s74 receipts being higher than forecast.
<i>Changes in asset revaluation reserves</i> Variance: \$75m	The variation is due to the revaluation of investments accounted for using the equity method not included in the Original Budget due to the uncertainty of the movement in the fair value for these assets.
<i>Actuarial gains/(losses) on defined benefit plans</i> Variance: \$53,029m; 196%	The variation is due to the budget being developed utilising a discount rate of 6.0% as per the Australian Government Actuary 2014 Long Term Cost Report as compared to a spot interest rate of 2.7% that has ultimately been used by the Australian Government Actuary to determine the actual defined benefit superannuation liability as at 30 June 2016.

The above statement should be read in conjunction with the accompanying notes.

Department of Defence

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

as at 30 June 2016

		2016 \$'000	2015 \$'000	Original Budget ¹ \$'000
	Notes			
ASSETS				
Financial assets				
Cash and cash equivalents	4.1A	-	-	-
Trade and other receivables	4.1B	588,444	583,924	591,050
Investment accounted for using the equity method	4.1C	2,563,763	2,488,389	2,395,921
Total financial assets		3,152,207	3,072,313	2,986,971
Non-financial assets				
Prepayments	4.2A	203,121	173,539	189,496
Total non-financial assets		203,121	173,539	189,496
TOTAL ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT				
		3,355,328	3,245,852	3,176,467
LIABILITIES				
Payables				
Other payables	4.3A	8,262	5,502	7,169
Total Payables		8,262	5,502	7,169
Provisions				
Employee provisions	4.4A	124,727,700	94,101,400	62,512,189
Total provisions		124,727,700	94,101,400	62,512,189
TOTAL LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT				
		124,735,962	94,106,902	62,519,358
NET LIABILITIES				
		(121,380,634)	(90,861,050)	(59,342,891)

¹ Defence's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from Defence's 2015-16 Portfolio Budget Statements). The budget is not audited.

Budget Variances Commentary

In accordance with guidance provided by the Department of Finance, explanations are only provided where the variance at a financial statement line item level is greater than 10% of the Original Budget for that line item.

Administered Schedule of Assets and Liabilities

Affected line items	Explanation of major variances
Other payables Variance: \$1m; 15%	The variation is due to Fringe Benefit Tax being higher than the forecast.
Employee provisions Variance: \$62,216m; 100%	The variation is due to the budget being developed utilising a discount rate of 6.0% as per the Australian Government Actuary 2014 Long Term Cost Report as compared to a spot interest rate of 2.7% that has ultimately been used by the Australian Government Actuary to determine the actual defined benefit superannuation liability as at 30 June 2016.

The above statement should be read in conjunction with the accompanying notes.

Department of Defence

ADMINISTERED RECONCILIATION SCHEDULE

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000
Opening administered assets less administered liabilities as at 1 July	(90,861,050)	(79,797,057)
Adjustment for errors	-	1,519
Adjusted opening administered assets less administered liabilities	<u>(90,861,050)</u>	<u>(79,795,538)</u>
Net (cost of)/contribution by services		
Income	1,673,893	1,430,291
Expenses		
Payments to entities other than corporate Commonwealth entities	(6,855,056)	(5,927,001)
Other comprehensive income:		
Administered revaluations taken to/(from) reserves:		
– Defence Housing Authority (DHA)	70,297	148,531
– Small portfolio entities	5,077	2,062
Actuarial gains/(losses)	(25,997,700)	(7,448,500)
Administered transfers (to)/from Australian Government:		
Appropriation transfers from Official Public Account:		
Special appropriations (unlimited) (non corporate Commonwealth entities)	2,338,744	2,247,125
Transfers to Official Public Account	(1,754,913)	(1,518,020)
Restructuring	74	-
Closing administered assets less administered liabilities as at 30 June	<u>(121,380,634)</u>	<u>(90,861,050)</u>

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by Defence for use by the Government rather than Defence is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriations on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by Defence on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

The above statement should be read in conjunction with the accompanying notes.

Department of Defence
ADMINISTERED CASH FLOW STATEMENT

For the period ended 30 June 2016

		2016 \$'000	2015 \$'000
	Notes		
OPERATING ACTIVITIES			
Cash received			
Fees		13,960	15,102
Interest		26,552	28,610
Superannuation contributions		1,608,048	1,369,877
Other		51,716	50,440
Total cash received		1,700,276	1,464,029
Cash used			
Subsidies paid		(101,810)	(98,346)
Employees		(2,236,934)	(2,148,777)
Total cash used		(2,338,744)	(2,247,123)
Net cash flows from/(used by) operating activities	5.3B	(638,468)	(783,094)
INVESTING ACTIVITIES			
Cash received			
Dividends		54,637	53,991
Total cash received		54,637	53,991
Net cash flows from/(used by) investing activities		54,637	53,991
Net increase/(decrease) in cash held		(583,831)	(729,103)
Cash and cash equivalents at the beginning of the reporting period		-	-
Cash from the Official Public Account for:			
Appropriations		2,338,744	2,247,123
Cash to the Official Public Account for:			
Appropriation		(1,754,913)	(1,518,020)
Cash and cash equivalents at the end of the reporting period	4.1A	-	-

The above statement should be read in conjunction with the accompanying notes.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

OVERVIEW

Objective of Defence

Defence is an Australian Government controlled entity which comprises the Department of Defence (Defence), as an Australian Public Service organisation, and the Australian Defence Force. The objective of Defence is to defend Australia and its national interests.

Defence is appropriated to meet three outcomes:

- Outcome 1 – The protection and advancement of Australia's national interests through the provision of military capabilities and the promotion of security and stability;
- Outcome 2 – The advancement of Australia's strategic interests through the conduct of military operations and other tasks directed by the Government; and
- Outcome 3 – Support to the Australian community and civilian authorities as requested by Government.

The continued existence of Defence in its present form, and with its present outcomes and related programs, is dependent on Australian Government policy and on continuing appropriations by Parliament for Defence's administration and the running of programs.

Defence activities contributing toward these outcomes are classified as either departmental or administered.

Departmental activities involve the use of the assets, liabilities, revenues and expenses notionally controlled or incurred by Defence in its own right. Administered activities involve the management or oversight by Defence, notionally on behalf of the Government, of items controlled or incurred by the Government.

Defence's Outcome 1 includes both departmental and administered items, while Outcomes 2 and 3 are departmental only. Defence's administered appropriations included in Outcome 1 relate to Superannuation and Housing Support Services for current and retired Defence personnel.

The Basis of Preparation

The financial statements and notes are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are general purpose financial statements.

The financial statements and notes have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements and notes have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements and notes are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

New Australian Accounting Standards

(a) Adoption of new Australian Accounting Standard requirements

Defence has early adopted the accounting standard AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities*. This Standard relieves not-for-profit public sector entities from certain disclosures specified in AASB 13 *Fair Value Measurement* for assets within the scope of AASB 116 *Property, Plant and Equipment* that are held primarily for their current service potential rather than to generate future net cash inflows.

Except as noted above, no accounting standard has been adopted earlier than its application date.

All other standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect on Defence's financial statements.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

(b) Future Australian Accounting Standard requirements

The following new or revised standards will be effective in future reporting periods. Whilst they are not expected to have a material impact on the financial statements, their implementation requires enhanced disclosures.

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2015-16 'Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]'	1 July 2016	30 June 2017
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards - Effective Date of AASB 15' and AASB 2016-3 'Amendments to Australian Accounting Standards - Clarifications to AASB 15'	1 January 2018	30 June 2019
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019

The following new standard, AASB 16 Leases, will be effective in future reporting periods. The application of AASB 16 in the future impacts operating leases reported in Note 1.1B. It requires lessees to recognise all leases on balance sheet except for short-term leases and leases of low value assets. The current lease standard requires lessees to recognise only finance leases on balance sheet. However, it is not practicable to provide a reasonable estimate of the effect of AASB 16 until Defence performs a detailed review.

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 'Leases'	1 January 2019	30 June 2020

In addition to above standards, the Australian Accounting Standards Board has issued new standards, amendments to standards and interpretations that will be effective in the future reporting periods. Except as detailed above, these standards and amendments will be applicable in future reporting periods and are not expected to have a material impact on the financial statements. The adoption of these standards and amendments is based on Defence's initial assessment at reporting date.

Taxation

Defence is exempt from all forms of taxation except Fringe Benefits Tax (FBT), the Goods and Services Tax (GST) and certain excise and customs duties.

Revenues, expenses, assets and liabilities are recognised net of GST, except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables which are recognised inclusive of GST.

Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

Events After the Reporting Period

Departmental

There are no post balance date events with a material effect on the financial statements.

Administered

There are no post balance date events with a material effect on the financial statements.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

FINANCIAL PERFORMANCE

This section analyses the financial performance of Defence for the year ended 30 June 2016.

1.1: Expenses

	2016	2015
	\$'000	\$'000
1.1A: Employee benefits		
Australian Public Service (APS) employee benefits¹		
Wages and salaries	1,470,251	1,172,086
Superannuation:		
Defined contribution plan	111,985	87,199
Defined benefit plans	172,310	136,977
Leave and other entitlements	225,183	121,227
Fringe benefits tax	16,438	9,448
Separation and redundancies	63,549	15,868
Other allowances	42,776	32,310
Health expenses	5,315	5,057
Other employee expenses	889	648
Total APS employee benefits	2,108,696	1,580,820
Australian Defence Force (ADF) employee benefits		
Wages and salaries	4,731,482	4,601,243
Superannuation:		
Defined benefit plans	1,659,137	1,464,903
Housing ²	877,990	838,738
Leave and other entitlements	683,554	446,605
Fringe benefits tax	517,478	428,490
Overseas allowances	158,391	136,405
Separation and redundancies	12,152	9,715
Other allowances	347,354	314,646
Health expenses	429,805	408,167
Other employee expenses	129,933	126,504
Total ADF employee benefits	9,547,276	8,775,416
Total employee benefits	11,655,972	10,356,236

¹ The current year APS employee benefits includes the charge for personnel who joined Defence on 1 July 2015 following the delisting of the former Defence Materiel Organisation (DMO). The prior year expense excludes DMO.

² Housing expenses include lease payments made to DHA for the provision of Housing for ADF members with families. Due to their nature, these payments are classified as employee expenses. Residences leased from DHA are subleased by Defence to ADF members for a nominal charge. Sublease expenses are paid by Defence to DHA and recognised as part of ADF housing expenses.

For the current financial year, sublease expenses were \$530.1m (2014-15: \$510.6m).

Accounting Policy

Defence's workforce comprises APS (i.e. civilians) and ADF (i.e. military) personnel. Employee benefits for each workforce component are based on the relevant employment agreements and legislation. Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave and other entitlements expected to be wholly settled within 12 months of the reporting date are measured at their nominal amounts which are calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities (including long service leave) are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

1.1A: Employee benefits (continued)

(a) Leave

The liability for employee benefits includes provisions for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of Defence is estimated to be less than the annual entitlement for sick leave. The leave liabilities are calculated on the basis of employees' remuneration, including Defence's employer superannuation contribution, at the estimated rates that will be applied at the time that leave is taken, to the extent that leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of the Australian Government Actuary in the current year. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

(b) Separation and Redundancy

Provision is made for separation and redundancy benefit payments. Defence recognises a provision for termination when it has a detailed formal plan for the terminations and has informed those employees affected that the terminations will be carried out.

(c) Superannuation – APS Employees

Permanently appointed APS employees of Defence are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSap) and other superannuation schemes held outside the Commonwealth.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance as an administered item.

Defence makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of Defence's employees. Defence accounts for these contributions as if they were contributions to defined contribution plans in accordance with AASB 119.

The liability for superannuation recognised in the departmental statements as at 30 June represents outstanding contributions yet to be paid.

(d) Superannuation – ADF Members

The Defence Force Retirement and Death Benefits Scheme (DFRDB) and the Military Superannuation Benefits Scheme (MSBS) are defined benefit superannuation plans for ADF members. Defence accounts for these contributions in its departmental statements as if they were contributions to defined contribution plans in accordance with AASB 119. The liability for DFRDB and MSBS is recognised in Defence's administered statements.

The liability for superannuation recognised in the departmental statements as at 30 June represents outstanding contributions yet to be paid.

(e) Paid Parental Leave

Defence provide payments to employees under the Government Paid Parental Scheme. The receipts received are offset by the payments made to the employees and any balance outstanding at the end of the year is recognised as a liability.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000
1.1B: Suppliers expenses		
Goods and Services		
Inventory consumption	1,187,375	1,248,929
Sustainment (including repair and overhaul)	4,299,288	5,238,147
Garrison support and mess operations	292,909	394,845
Travel	235,910	188,335
Freight, storage and removal	465,636	456,937
Training	458,422	398,914
Communications and information technology	1,327,870	973,979
Professional services/technical advice	276,454	189,655
Estate upkeep	996,115	694,824
Research and development	164,614	150,606
Utilities	326,207	255,620
Purchase of minor assets	161,027	179,185
Other	1,632,059	1,118,045
Total goods and services	11,823,886	11,488,021
Goods and services are made up of:		
Provision of goods	1,848,111	1,721,150
Rendering of services	9,975,775	9,766,871
Total goods and services	11,823,886	11,488,021
Other supplier expenses		
Operating lease rentals in connection with		
Minimum lease repayments	318,026	260,908
Contingent Rentals	10,405	13,650
Sublease	1,596	1,956
Workers compensation premiums	37,617	36,145
Total other supplier expenses	367,644	312,659
Total supplier expenses	12,191,530	11,800,680

Leasing commitments

The operating leases are non-cancellable and are described in the table below:

Nature of leases	General description of leasing arrangement
DHA property leases	Defence leases residences under a service agreement with Defence Housing Australia (DHA) to provide accommodation to eligible service members. The total commitment has been calculated based on an initial forecast of housing demand for the period of the agreement, which is currently 7 years. Lease payments are subject to the terms and conditions of the lease and are payable to DHA.
Other property leases	Defence leases both residential and commercial properties in Australia and overseas in support of its activities. Lease payments are subject to the terms and conditions of the lease. Generally the leases are subject to market reviews, reviews in accordance with agreed indexation or a combination of both. The terms range between 1 and 100 years.
Aircraft leases	Defence leases aircraft in support of scientific and military operations and in support of parliamentary services. Lease terms range between 3 and 15 years.
Equipment leases	Defence has leases for items of equipment including computer hardware, multifunction devices and communication equipment. General lease terms are 2 to 5 years.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000

1.1B: Suppliers expenses (continued)

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	901,364	885,797
Between 1 to 5 years	3,797,423	3,388,553
More than 5 years	3,473,210	4,105,870
Total operating lease commitments	8,171,997	8,380,220

Accounting Policy

A distinction is made between finance and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised and recognised at the lower of the fair value of the leased asset or the present value of minimum lease payments at the inception of the contract and a corresponding liability is also recognised at this time for the same amount. The discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease. Assets acquired under a finance lease are amortised over the useful life of the asset. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis over the term of the lease which is representative of the pattern of benefits derived from the leased assets.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as an integral part of the total consideration agreed for the use of the leased asset.

1.1C: Grants

State and Territory Governments	2,794	7,203
Non-profit organisations	17,840	2,744
Overseas	107,991	105,417
Total grants	128,625	115,364

Accounting Policy

Contributions by Defence to other government entities, private sector organisations and individuals which have been identified as a grant are recognised as an expense when incurred.

1.1D: Finance costs

Finance leases	94,332	103,791
Unwinding of discount - restoration, decontamination and decommissioning	20,557	24,507
Unwinding of discount - other	-	9,567
Bank interest	19	4
Total finance costs	114,908	137,869

1.1E: Write-down and impairment of assets

Impairment on financial instruments	473	126
Writedown of property, plant and equipment	250,380	1,023,540
Writedown and impairment on intangible assets	1,680	673
Write down of inventory	444,232	397,411
Total write-down and impairment of assets	696,765	1,421,750

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000
1.1F: Foreign exchange		
Foreign exchange gains		
Non-speculative	61,376	6,248
Foreign exchange losses		
Non-speculative	(80,000)	(8,302)
Total net gain/(loss) foreign exchange	(18,624)	(2,054)

Accounting Policy

Transactions denominated in a foreign currency are converted at the exchange rate on the date of transaction. Foreign currency receivables and payables are translated at the exchange rate at the balance date.

Non-financial items that are measured at cost in a foreign currency are translated using the spot exchange rate at the date of the initial transaction. Non-financial items that are measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

All exchange gains and losses are reported in the Statement of Comprehensive Income.

1.1G: Other expenses

Act of Grace payments (section 65)	2,185	439
Tactical Payment Scheme payments	6	2
Defective Administration Scheme payments	1,623	762
Restoration, decontamination and decommissioning costs	236,860	113,125
Other	4,243	2,414
Total other expenses	244,917	116,742

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

1.2: Own-Source Income

Own-Source Revenue	2016 \$'000	2015 \$'000
1.2A: Provision of goods and rendering of services (including cost recovery)		
Provision of goods		
Rations and quarters - cost recovery	65,324	64,848
Provision of fuel - cost recovery	49,047	65,360
Other (including sale of obsolete and surplus inventory)	21,326	37,868
Total provision of goods	135,697	168,076
Rendering of services		
Group rental scheme	210,929	211,924
Logistics support recovery	18,991	18,079
s74 recoveries	34,675	39,607
Other governments/agencies	1,586	12,980
Other	45,539	40,242
Total rendering of services	311,720	322,832
Total provision of goods and rendering of services (including cost recovery)	447,417	490,908

Accounting Policy

Revenue from the provision of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- Defence retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to Defence.

Revenue from the rendering of services is recognised by reference to the stage of completion of contracts at reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable the economic benefits of the transaction will flow to Defence.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated costs of the transaction.

1.2B: Rental income

Operating leases:

Other	5,722	7,706
Total rental income	5,722	7,706
Commitments for sublease rental income are receivable as follows:		
One year or less	20,895	20,607
From one to five years	6,500	5,540
Over five years	8,521	8,163
Total sublease rental income commitments	35,916	34,310

The lease rental income includes rental contributions from Defence service members for residences sub-leased by Defence. The Lease term is normally 3 to 12 years. The lease rental receivable is calculated for 28 days which is the minimum period of notice Defence members are required to provide before terminating the lease.

Defence receives revenue from the lease of property and office space. Office space is generally let to contractors in support of Defence activities and to other government agencies or to local civic authorities. The terms of these leases range between 1 and 99 years.

Accounting Policy

Rental revenue is accounted for on a straight line basis over the lease term. Contingent rental revenue is recognised as revenue in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental revenue.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000
1.2C: Other revenue		
Excise refunds	2,568	13,773
Settlement of damages	47,772	41,821
Foreign military sales refunds	5,309	9,008
Other minor revenues	10,909	17,932
Resources received free of charge		
Remuneration of auditors	4,700	3,800
Assets received free of charge	3,606	9,761
Other resources received free of charge - government	-	16
Other resources received free of charge	-	6
Total other revenue	74,864	96,117

Resources received free of charge includes \$4.700m (2014-15: \$3.800m) for audit services provided by the Australian National Audit Office.

Accounting Policy

Resources received free of charge for goods and services are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Fair value is determined based on actual full cost if the resources were to be purchased. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Gains**1.2D: Reversals of previous asset write-downs and impairment**

Land and buildings	785	10,782
Specialist military equipment	44,625	102,777
Infrastructure	2,299	2,029
Plant and equipment	16,155	5,924
Heritage and cultural assets	107	10
Total property, plant and equipment and intangibles	63,971	121,522
Receivables	343	554
Inventory	194,188	172,790
Total reversal of previous asset write-downs and impairment	258,502	294,866

1.2E: Other gains

Other gains	70,218	37,271
Total other gains	70,218	37,271

Accounting Policy*(a) Contributions of Assets*

Contributions of assets at no cost or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition (with the exception of assets valued at cost), unless received from another Government agency as a consequence of a restructuring of administrative arrangements. Fair value is assessed by asset class as described in 3.2A(f).

(b) Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer. The gain or loss on disposal of non-current assets is determined as the difference between the carrying amount of the asset at the time of disposal and the net proceeds of disposal (after deducting sale costs).

(c) Other Gains

Other gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on foreign exchange transactions and balances.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000
1.2F: Revenue from government		
Appropriation:		
Departmental appropriation	28,900,438	25,452,698
Supplementation	-	845,544
Total revenue from Government	28,900,438	26,298,242

Defence is appropriated on a net cash basis which includes the appropriation revenue of \$28,900m (2014-15: \$26,298m) included in the Statement of Comprehensive Income, and the equity injection of \$2,943m (2014-15: \$2,758m) included in the Statement of Financial Position.

Accounting Policy

Amounts appropriated for departmental appropriation for the year (adjusted for any formal additions and reductions) are recognised as revenue when Defence gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Defence draws down appropriations on a just-in-time basis. The undrawn appropriations as at 30 June 2016 are reflected as a receivable and are available to be drawn down to meet future obligations. Appropriations receivable are recognised at their nominal amounts.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

INCOME AND EXPENSES ADMINISTERED ON BEHALF OF THE GOVERNMENT

This section analyses the activities that Defence does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1: Administered - Expenses

	2016 \$'000	2015 \$'000
2.1A: Employee benefits		
Superannuation:		
Defined benefit plans		
Net service cost	3,180,083	2,354,238
Net interest cost	3,502,000	3,406,000
Retention benefits	68,332	68,389
Total employee benefits	6,750,415	5,828,627
2.1B: Subsidies		
Related parties:		
Defence Home Owner Scheme	828	1,156
Defence Home Ownership Assistance Scheme	103,741	97,207
Total subsidies	104,569	98,363
2.1C: Write-down and impairment of assets		
Impairment of financial instruments	72	11
Total write-down and impairment of assets	72	11

2.2: Administered - Income**Non-Taxation Revenue****2.2A: Fees and fines**

License fees	15,094	14,297
Total fees and fines	15,094	14,297

Accounting Policy

All administered revenues relate to activities performed by Defence on behalf of the Australian Government. Administered revenues mainly comprise military superannuation contributions, payments received from the United Nations and foreign governments, bank interest, dividends, loan interest and State Tax Equivalent payments received from Defence Housing Australia and licence fees received under the Defence Home Ownership Assistance Scheme.

2.2B: Interest

Deposits	(42)	-
Loans to Defence Housing Australia	26,521	28,610
Total interest	26,479	28,610

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000
2.2C: Dividends		
Australian Government Entities - Defence Housing Australia	62,719	54,637
Total dividends	62,719	54,637
2.2D: Military superannuation contributions		
Military Superannuation contributions	1,522,810	1,285,809
Total military superannuation contributions	1,522,810	1,285,809
2.2E: Other revenue		
Competitive Neutrality Revenue - Defence Housing Australia	42,159	44,730
Other	4,484	1,410
Total other revenue	46,643	46,140
2.2F: Foreign exchange gains		
Foreign exchange gains:		
Non-speculative	148	798
Total foreign exchange gains	148	798

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

FINANCIAL POSITION

This section analyses Defence's assets used to conduct its operations and the operating liabilities incurred as a result.

3.1: Financial Assets

	2016 \$'000	2015 \$'000
3.1A: Cash and cash equivalents		
Cash on hand	5,144	4,827
Cash at bank - at call	42,453	39,323
Total cash and cash equivalents¹	47,597	44,150

¹ This balance is impacted by the integration of Defence Materiel Organisation on 1 July 2015 - refer to Note 8.2A.**Accounting Policy**

Cash and cash equivalents includes notes and coins held, any deposits in bank account held at call with a bank, and cash held in special accounts. Cash is measured at its nominal amount.

3.1B: Trade and other receivables**Goods and services receivables**

Goods and Services	98,815	68,777
Total receivables for goods and services	98,815	68,777

Appropriations receivable

For existing programs ¹	687,345	195,419
Total appropriations receivable	687,345	195,419

Other receivables

GST receivable from the Australian Taxation Office	243,199	106,002
Accrued revenue	11,907	29,425
Other	368,866	602,045
Total other receivables	623,972	737,472
Total trade and other receivables (gross)	1,410,132	1,001,668

Less impairment allowance

Goods and services	(3,203)	(3,390)
Total impairment allowance	(3,203)	(3,390)
Total trade and other receivables (net)²	1,406,929	998,278

Trade and receivables (net) expected to be recovered in:

No more than 12 months	1,272,768	820,847
More than 12 months	134,161	177,431
Total trade and other receivables (net)	1,406,929	998,278

Trade and other receivables (gross) are aged as follows:

Not overdue	1,378,751	979,655
Overdue by:		
Less than 30 days	4,732	5,358
31 to 60 days	4,603	1,111
61 to 90 days	1,358	788
More than 90 days	20,688	14,756
Total trade and other receivables (gross)	1,410,132	1,001,668

¹ Appropriations receivable at 30 June 2016 predominantly relates to:

- no win/no loss funding relating to an underspend in 2015-16 that is to be refunded to the Department of Finance; and
- a quarantined equity injection that has not been legally reduced as at 30 June 2016.

² This balance is impacted by the integration of Defence Materiel Organisation on 1 July 2015 - refer to Note 8.2A.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

3.1B: Trade and other receivables (continued)

	2016	2015
	\$'000	\$'000
Impairment allowance aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(3,203)	(3,390)
Total impairment allowance	(3,203)	(3,390)

Credit terms for goods and services were within 1-30 days (2014-15: 1-30 days).

Accounting Policy

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. The relevant accounting policy is detailed in note 7.2A on Financial Instruments.

Reconciliation of the impairment allowance:

Opening balance	(3,390)	(6,955)
Adjustment to opening balance for DMO amounts transferred in	(188)	-
Amounts written off	272	3,044
Amounts recovered and reversed	343	554
(Increase)/decrease recognised in net cost of services	(240)	(33)
Closing balance	(3,203)	(3,390)

Accounting Policy

Financial assets are assessed for impairment at the end of each reporting period.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

3.2: Non-Financial Assets

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (2015-2016)

Item	Land ¹	Buildings ¹	Specialist Military Equipment	Infra-structure ¹	Plant and Equipment ¹	Heritage and Cultural Assets ²	Computer Software - Purchased	Computer Software - Internally Generated	Other Intangibles Purchased	Other Intangibles Internally Generated	Total ³
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2015											
Gross Book value	5,110,068	12,903,108	81,185,331	5,780,270	1,925,942	1,060,336	962,513	361,225	294,001	23,953	109,606,747
Accumulated depreciation/amortisation and impairment	-	(358,663)	(38,534,094)	(208,276)	(145,296)	(53,388)	(538,244)	(143,579)	(127,335)	(14,204)	(40,123,079)
Net book value 1 July 2015	5,110,068	12,544,445	42,651,237	5,571,994	1,780,646	1,006,948	424,269	217,646	166,666	9,749	69,483,668
Additions:											
By purchase	168	553,779	6,753,067	287,422	390,754	1,252	94,816	29,246	-	-	8,110,504
By finance lease	1,452	4,240	-	-	120,127	-	-	-	-	-	125,819
Adjustments to opening balance	-	11,058	601,311	3,587	(10,030)	(318,704)	-	-	-	-	287,222
Revaluations/impairments recognised in other comprehensive income	459,966	(147,839)	9,388,585	131,948	(34,877)	(22,118)	-	-	-	-	9,775,665
Reclassification	(31,619)	(173,640)	46,968	(53,376)	202,534	5,964	1,946	1,223	-	-	-
Depreciation/amortisation expense	-	(619,488)	(2,976,143)	(392,703)	(323,720)	(49,724)	(61,477)	(46,532)	(39,838)	(1,879)	(4,511,504)
Revaluations/write-downs and impairment recognised in net cost of services	-	(22,510)	(213,709)	(2,357)	(11,111)	(693)	(230)	(1,447)	(3)	-	(252,060)
Other movements											
Reversal of previous asset write-downs	-	785	44,625	2,299	16,155	107	-	-	-	-	63,971
Transfers in/(out)	-	18,864	(59,654)	82,190	5,805	70	-	-	-	-	47,275
Transfers (to)/from Assets Held for Sale	(15,693)	(310)	(9,801)	(453)	25	-	-	-	-	-	(26,232)
Disposals:											
Other disposals	(18,704)	(33,950)	(9,053)	(112)	(24,963)	-	-	-	-	-	(86,782)
Net book value 30 June 2016	5,505,638	12,135,434	56,217,433	5,630,439	2,111,345	623,102	459,324	200,136	126,825	7,870	83,017,546
Net book value as at 30 June 2016 represented by:											
Gross book value	5,505,638	12,568,373	56,217,433	5,846,671	2,324,503	682,484	1,059,046	385,700	294,001	23,953	84,907,802
Accumulated depreciation/amortisation and impairment	-	(432,939)	-	(216,232)	(213,158)	(59,382)	(599,722)	(185,564)	(167,176)	(16,083)	(1,890,256)
Closing net book value at 30 June 2016	5,505,638	12,135,434	56,217,433	5,630,439	2,111,345	623,102	459,324	200,136	126,825	7,870	83,017,546

¹ The carrying amount of land, buildings, infrastructure and plant and equipment under finance lease as at 30 June 2016 were \$80.9m, \$1,102.3m, \$118.3m and \$219.5m respectively.

² Where land, buildings and other infrastructure plant and equipment meet the definition of a heritage and cultural item, they have been disclosed in the heritage and cultural assets class.

³ This balance is impacted by the integration of Defence Materiel Organisation on 1 July 2015 - refer to Note 8.2A.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (2014-2015)

Item	Land ¹	Buildings ¹	Specialist Military Equipment	Infra-structure ¹	Plant and Equipment ¹	Heritage and Cultural Assets ²	Computer Software - Purchased	Computer Software - Internally Generated	Other Intangibles Purchased	Other Intangibles Internally Generated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2014											
Gross Book value	4,947,960	12,307,443	77,331,432	5,681,750	1,828,766	1,002,312	903,120	284,030	297,212	67,418	104,651,443
Accumulated depreciation/amortisation and impairment	-	(278,472)	(36,145,289)	(147,618)	(243,986)	-	(480,124)	(103,930)	(90,624)	(57,525)	(37,547,568)
Net book value 1 July 2014	4,947,960	12,028,971	41,186,143	5,534,132	1,584,780	1,002,312	422,996	180,100	206,588	9,893	67,103,875
Additions:											
By purchase	275	855,063	5,064,982	214,427	455,101	217	63,316	24,707	-	1,817	6,679,905
By finance lease	3,635	19,438	-	-	45,482	-	-	-	-	-	68,555
Adjustments to opening balance	-	42,729	328,086	6,585	(3,218)	5,166	433	-	-	-	379,781
Revaluations/impairments recognised in other comprehensive income	267,700	87,991	-	55,463	(3,722)	(317)	-	-	-	-	407,115
Reclassification	987	(25,637)	(36,227)	26,721	(34,582)	18,310	(2,724)	53,169	(17)	-	-
Depreciation/amortisation expense	-	(666,257)	(2,871,808)	(349,664)	(210,098)	(18,697)	(59,544)	(39,911)	(39,905)	(1,961)	(4,257,845)
Revaluations/write-downs and impairment recognised in net cost of services	-	(18,292)	(982,467)	(3,039)	(19,689)	(53)	(254)	(419)	-	-	(1,024,213)
Other movements											
Reversal of previous asset write-downs	-	10,782	102,777	2,029	5,924	10	-	-	-	-	121,522
Transfers in/(out)	-	226,133	(134,562)	85,240	(3,040)	-	46	-	-	-	173,817
Transfers (to)/from Assets Held for Sale	(3,126)	(5,265)	(336)	100	(48)	-	-	-	-	-	(8,675)
Disposals:											
Other disposals	(107,363)	(11,211)	(5,351)	-	(36,244)	-	-	-	-	-	(160,169)
Net book value 30 June 2015	5,110,068	12,544,445	42,651,237	5,571,994	1,780,646	1,006,948	424,269	217,646	166,666	9,749	69,483,668
Net book value as at 30 June 2015 represented by:											
Gross book value	5,110,068	12,903,108	81,185,331	5,780,270	1,925,942	1,060,336	962,513	361,225	294,001	23,953	109,606,747
Accumulated depreciation/amortisation and impairment	-	(358,663)	(38,534,094)	(208,276)	(145,296)	(53,388)	(538,244)	(143,579)	(127,335)	(14,204)	(40,123,079)
Closing net book value at 30 June 2015	5,110,068	12,544,445	42,651,237	5,571,994	1,780,646	1,006,948	424,269	217,646	166,666	9,749	69,483,668

¹ The carrying amount of land, buildings, infrastructure and plant and equipment under finance lease as at 30 June 2015 were \$85.1m, \$1,207.1m, \$122.7m and \$129.9m respectively.² Where land, buildings and other infrastructure plant and equipment meet the definition of a heritage and cultural item, they have been disclosed in the heritage and cultural assets class.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (continued)

	2016 \$'000	2015 \$'000
Commitments payable relating to property, plant and equipment and intangibles		
Land and buildings ¹	1,963,647	1,325,252
Specialist military equipment ²	15,063,557	12,153,096
Infrastructure, plant and equipment ³	1,696,950	500,458
Intangibles ⁴	97,236	174,629
Total capital commitments	18,821,390	14,153,435

1. Outstanding contractual payments for buildings under construction.
2. Outstanding contractual payments for specialist military equipment under construction. Prior to 1 July 2015, the majority of these commitments relate to Materiel Acquisition and Sustainment Agreements with the DMO. Subsequent to the absorption of DMO on 1 July 2015 these outstanding commitments have been reclassified as external commitments as required.
3. Infrastructure, plant and equipment capital commitments include outstanding contractual payments relating to the Major Capital Facilities (MCF) program.
4. Intangible commitments include contractual payments for software licence agreements.

Accounting Policy*(a) Individual Asset Recognition Threshold*

Purchases of property, plant and equipment including land, buildings and infrastructure are recognised initially at cost where they meet the individual asset recognition threshold. Individual items are capitalised where the individual value is equal to or exceeds \$5,000 for buildings, infrastructure and heritage and cultural assets; \$2,000 for other plant and equipment; and nil for specialist military equipment and land.

(b) Componentisation

Major assets, such as specialist military equipment, are componentised if it is likely that the components will have useful lives that differ significantly from the other parts of the asset. The useful lives of components may be determined with reference to the individual component or the related primary asset.

(c) Decontamination, Restoration and Decommissioning Costs

Where a legal or constructive obligation arises on acquisition to restore an asset back to its original condition, or dismantle an asset at the end of its useful life, the net present value of estimated restoration and/or decommissioning costs are capitalised and added to the cost of the underlying asset and depreciated over the asset's useful life.

(d) Reversal of Previous Asset Write-Downs

These are amounts relating to assets which have been previously written down or expensed in prior periods. In the current year, these items have been either reversed as a write down or capitalised for the first time due to either exceeding the capitalisation threshold or through identification during stock takes. They may include identification of heritage and cultural assets not previously recognised as assets.

(e) Assets under construction

Assets under construction (AUC) include expenditure to date on major military capability and facilities projects. AUC projects are reviewed annually for indicators of impairment. Prior to rollout into service, the accumulated AUC balance is reviewed to ensure accurate capitalisation.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2016

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (continued)

Accounting Policy (continued)

(f) Subsequent valuations

All property, plant and equipment is measured and disclosed at fair value, less any accumulated depreciation and accumulated impairment losses. In the prior year, specialist military equipment was carried at cost less any accumulated depreciation and accumulated impairment losses, in accordance with the FRR effective for that year. In the current year, the FRR requires specialist military equipment to be measured at fair value.

The basis for determining fair value is by reference to the highest and best use that is physically possible, legally permissible and financially feasible. Where an active and liquid market exists, fair value is determined by reference to market values, noting the highest and best use criteria and any specific factors that have been noted by the valuer.

An independent valuation of land, buildings, infrastructure, plant and equipment and heritage and cultural assets subject to valuation in 2015-16 has been conducted by Jones Lang LaSalle Services with an effective date of 30 June 2016. Three specialist military equipment platforms have had an independent valuation conducted by Australian Valuation Solutions with an effective date of 30 June 2016. All other specialist military equipment, including military support items, were valued by internal experts with an effective date of 30 June 2016.

Following initial recognition at cost, valuations for land, buildings, infrastructure and specialist military equipment are conducted every year; other plant and equipment are revalued annually on a sample basis and heritage and cultural assets are revalued over a five year period.

Revaluation adjustments are made on a class basis. Any revaluation increment is recognised as Other Comprehensive Income under the heading of Changes in Asset Revaluation Reserves except to the extent that it reverses a previous revaluation decrement of the same class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

(g) Depreciation

Property, plant and equipment items having limited useful lives are systematically depreciated over their estimated useful lives on a straight-line basis.

Depreciation rates (useful lives) are determined upon acquisition and are reviewed at each subsequent reporting date, and necessary adjustments are made in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated only when assets are revalued.

The following are minimum and maximum useful lives for the different asset classes. These are not necessarily indicative of typical useful lives for these asset classes.

	2015-16	2014-15
Buildings	1 to 100 years	2 to 100 years
Infrastructure	2 to 99 years	1 to 99 years
Specialist military equipment	1 to 54 years	1 to 54 years
Other plant and equipment	2 to 100 years	1 to 100 years
Assets under finance lease	5 to 60 years	5 to 60 years
Heritage and cultural	10 to Indefinite	10 to Indefinite

Road earthworks are depreciated over the estimated useful life of the asset except where an engineering review has determined the useful life to be indefinite, in which case no depreciation is applied.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (continued)

Accounting Policy (continued)

(h) Heritage and Cultural Assets

Heritage and cultural items include:

- artefacts and memorabilia that are or may be of national historical or cultural significance. While many of these items represent military achievements, including paintings, memorabilia and other military items, others are associated with developments in science and exploration such as museum pieces, decommissioned aircraft and military equipment, or with significant personal achievements, such as medals, badges, uniforms and other regalia.
- buildings of historical or cultural significance. These buildings may be used for office accommodation, residences, chapels, storage and gymnasiums but are primarily held for heritage and cultural purposes.

Artefacts and memorabilia are stored and managed by Service Museums (Navy, Army and Air Force). Each Service maintains their own documented processes and procedures for the storage, documentation, restoration and preservation of various artefacts depending on their type and sensitivity.

Conservation and preservation policies include the storage of these items under appropriate conditions including, exposure to minimal UV light, stable humidity and temperatures and maintaining a dust and pest free environment as well as cataloguing and maintenance. In addition, conservation programs within Service Museums aim to identify items requiring restoration.

Heritage and cultural estate assets are amortised on a straight-line basis over their anticipated useful lives. Heritage and cultural assets are stored, managed, displayed, repaired and restored in ways that will maintain their cultural or heritage value over time. Where conservation, restoration and preservation activities demonstrate that an asset will be maintained for an indefinite period, these items are considered to have indefinite useful lives and therefore, are not subject to depreciation which is in accordance with the implementation guidance (G4) provided in AASB 116.

Heritage buildings are managed by Defence Environmental Management. All Defence heritage buildings are included in the Defence Heritage Register and managed using the Defence Heritage Toolkit. This Toolkit sets out the strategies and policies for managing heritage buildings across the Defence estate as well as ensuring all disposals, acquisitions and development activities to these sites look at heritage issues and assess possible risks to any values and mitigation strategies via Heritage Impact Assessments. The Toolkit has been established in accordance with the Environment Protection and Biodiversity Conservation Act 1999. Further information on heritage management across the Defence estate can be obtained from the following site: <http://www.defence.gov.au/estatemangement/governance/Policy/Environment/Heritage/default.asp>.

(i) Intangible Assets

Defence's intangibles comprise externally acquired and internally developed computer software for internal use and other externally acquired and internally developed intangibles. Intangibles with gross values greater than \$150,000 are capitalised when they meet the recognition criteria in AASB 138 Intangible Assets.

All intangibles are amortised on a straight-line basis over their anticipated useful lives. The useful lives of Defence software are 1-24 years (2014-15: 1-24 years) and the useful lives of Defence's other intangibles are 3-35 years (2014-15: 2-35 years). All intangible assets are assessed annually for indications of impairment.

Defence recognises its intangible assets initially at cost and measures those which have an active market at fair value subsequent to initial recognition. If an intangible asset is acquired at no cost or for nominal consideration, other than those acquired through restructuring, it is recognised initially at fair value as at the date of acquisition.

All Defence intangible assets are currently stated at cost or fair value less any subsequent accumulated amortisation and accumulated impairment losses.

Acquired intellectual property may form part of the acquisition of particular tangible assets. Where the acquired intellectual property is inseparable from the underlying tangible asset it is reflected in the value of the tangible asset in the statement of financial position.

Defence reviews the useful life of intangible assets annually based on the service potential of the assets. All Defence intangible assets have finite useful lives and are amortised over their anticipated useful lives. Where there is an indication that the service potential of an intangible asset is impaired, the recoverable amount of that asset is determined based on the remaining service potential. Where the recoverable amount is lower than the carrying amount, the asset is written down to its recoverable amount.

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (continued)

Accounting Policy (continued)

(j) Acquisition of Assets

Assets are initially recorded at cost on acquisition which includes the fair value of assets exchanged and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

(k) Impairment of Assets

Defence applies its impairment testing to the smallest identifiable group of assets that is useful to Defence in achieving its objectives and whose utility/usefulness is largely independent of the utility provided to Defence by other assets or groups of assets. All relevant assets were assessed for impairment during the year. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if Defence was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(l) Derecognition of Assets

Assets are derecognised upon disposal or when no further economic benefits or capability are expected from their use or disposal.

Significant Accounting Judgements and Estimates

Defence assesses non-financial assets for impairment by monitoring impairment indicators specific to an asset's use in the Defence context. Where these indicators signify that an asset is impaired, management has made an estimate of the recoverable amount of those assets to determine any impairment loss.

Property, plant and equipment is measured at fair value using revaluation techniques that require significant judgements and estimates to be made. Further details of the fair value measurements is set out in note 7.4.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000
3.2B: Inventories		
Inventories - General	2,480,594	2,235,863
Inventories - Explosive ordnance	4,149,445	4,138,839
Inventories - Fuel	99,949	88,829
Total inventories	6,729,988	6,463,531
Inventories are expected to be consumed in:		
No more than 12 months	921,366	891,670
More than 12 months	5,808,622	5,571,861
Total	6,729,988	6,463,531
Other inventory disclosures		
Reversal of previous inventory write downs during period	194,188	172,170
Inventory write downs during period	(444,232)	(396,791)

No items of inventory were recognised at fair value less cost to sell.

The reversal of previous inventory write downs is attributable to price and quantity adjustments in the current financial year.

Accounting Policy

Defence holds inventory for its own use and does not ordinarily hold inventory for sale. Sales of inventory relate to minor fuel sales to foreign governments. Inventory held for use is valued at cost adjusted where applicable for loss of service potential. Defence considers that loss of operating capacity due to obsolescence is the most appropriate basis for loss of service potential of its inventories.

Costs incurred in bringing each item of inventory (primarily explosive ordnance and general stores inventory) to its present location and condition that are capable of being allocated on a reasonable basis are assigned to inventory. The costs of inventories are assigned by using the weighted average cost formula.

Inventories acquired at no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

Significant Accounting Judgements and Estimates

Estimates and assumptions have been made in relation to inventory obsolescence in order to determine the remaining service potential for inventory items which have experienced obsolescence or impairment and the pricing of certain legacy items.

3.2C: Prepayments

Capital prepayments	1,999,679	572,006
Non capital prepayments	875,011	812,456
Total prepayments¹	2,874,690	1,384,462
Prepayments are expected to be recovered in:		
No more than 12 months	2,544,081	1,322,858
More than 12 months	330,609	61,604
Total	2,874,690	1,384,462

¹ This balance is impacted by the integration of Defence Materiel Organisation on 1 July 2015 - refer to Note 8.2A.

Accounting Policy

Prepayments, excluding those paid to employees as retention benefit payments, are recognised if the value of the payment is \$50,000 or greater.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000
3.2D: Assets held for sale		
Land	25,093	9,090
Specialist military equipment	22,375	12,574
Other infrastructure, plant and equipment	489	61
Inventories	15,581	15,959
Total assets held for sale	63,538	37,684

Accounting Policy

Non-current assets are classified as held for sale if the carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Classification as held for sale occurs when the asset is available for immediate sale in its present condition, and the sale is highly probable. On classification as held for sale, the asset is measured at the lower of its carrying amount and fair value less costs to sell. Any write down to fair value less costs to sell is recognised as an impairment loss. Assets which have been classified as held for sale are no longer subject to depreciation or amortisation.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

	2016	2015
	\$'000	\$'000

3.3: Payables**3.3A: Suppliers**

Trade creditors and accruals	2,508,872	1,162,769
Operating lease rentals	31,009	2,031
Total suppliers payable¹	2,539,881	1,164,800

Supplier payables expected to be settled:

No more than 12 months	2,539,881	1,164,800
More than 12 months	-	-
Total	2,539,881	1,164,800

¹ This balance is impacted by the integration of Defence Materiel Organisation on 1 July 2015 - refer to Note 8.2A.

Settlement is usually made within 30 days.

3.3B: Personal benefits**Australian Public Service (APS) employee payables**

Salaries and wages	5,969	44,896
Superannuation	1,040	7,656
Separations and redundancies	689	1,834

Australian Defence Force (ADF) employee payables

Salaries and wages	15,642	194,337
Superannuation	4,436	55,381
Total personal benefits payable¹	27,776	304,104

Personal benefits expected to be settled in:

No more than 12 months	27,776	304,104
More than 12 months	-	-
Total personal benefits payable	27,776	304,104

¹ This balance is impacted by the integration of Defence Materiel Organisation on 1 July 2015 - refer to Note 8.2A.

3.3C: Other payables

Statutory payable	141,218	114,359
Other	83,905	58,956
Total other payables¹	225,123	173,315

Total other payables are expected to be settled in:

No more than 12 months	195,986	138,049
More than 12 months	29,137	35,266
Total other payables	225,123	173,315

¹ This balance is impacted by the integration of Defence Materiel Organisation on 1 July 2015 - refer to Note 8.2A.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000
3.4: Interest Bearing Liabilities		
3.4A: Finance leases		
Total finance leases	1,534,423	1,440,999
Minimum lease payments expected to be settled		
Within 1 year	35,993	31,429
Between 1 to 5 years	204,924	170,784
More than 5 years	1,293,506	1,238,786
Total finance leases	1,534,423	1,440,999

33 (2014-15: 33) finance leases exist in relation to properties and technology. The leases are non-cancellable and for fixed terms with an average remaining term of 19.42 years (2014-15: 19.97 years). The maximum number of years remaining is 27.58 years (2014-15: 28.58 years) relating to the Single LEAP finance 2 leases (2014-15: Single LEAP finance 2 leases). The lease assets secure the lease liabilities. Interest rates applied averaged 6.21% (2014-15: 6.65%).

Contingent rent (representing the portion of the lease payments made that were not fixed and subject to CPI finance lease contract clauses) was expensed in the periods in which they were incurred on nil finance leases (2014-15: 4 finance leases). For residential properties this is reported in Employee Benefits Expenses (refer Note 1.1A), for non residential properties this is reported in Supplier Expenses (refer Note 1.1B).

Accounting Policy

The relevant accounting policy for leases is detailed in Note 1.1B Suppliers Expenses.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

3.5: Provisions	2016	2015
	\$'000	\$'000
3.5A: Employee provisions		
Australian Public Service (APS) employee provisions		
Leave	701,604	532,569
Total APS employee provisions	701,604	532,569
Australian Defence Force (ADF) employee provisions		
Leave	1,985,493	1,796,356
Other provisions	17,998	30,002
Total ADF employee provisions	2,003,491	1,826,358
Total employee provisions¹	2,705,095	2,358,927
Employee provisions are expected to be settled in:		
No more than 12 months	816,295	771,993
More than 12 months	1,888,800	1,586,934
Total employee provisions	2,705,095	2,358,927

¹ This balance is impacted by the integration of Defence Materiel Organisation on 1 July 2015 - refer to Note 8.2A.

Accounting Policy

The relevant accounting policy for employee provisions is detailed in Note 1.1A Employee Benefits.

Significant Accounting Judgements and Estimates

Provisions for annual leave and long service leave are estimates based on expert actuarial assumptions on the likely tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates.

3.5B: Restoration, decontamination and decommissioning provisions

Provisions for restoration and decommissioning	645,747	522,758
Provision for decontamination	640,437	478,434
Total restoration, decontamination and decommissioning provisions	1,286,184	1,001,192

Restoration, decontamination and decommissioning provisions are expected to be settled in:

No more than 12 months	103,306	161,796
More than 12 months	1,182,878	839,396
Total restoration, decontamination and decommissioning provisions	1,286,184	1,001,192

Accounting Policy

Where a legal or constructive obligation arises on acquisition to restore an asset back to its original condition, or dismantle an asset at the end of its useful life, the net present value of estimated restoration and/or decommissioning costs are capitalised and added to the cost of the underlying asset and depreciated over the asset's useful life. At the same time, a corresponding provision is recognised for these costs. The carrying amount of the provision is adjusted to reflect the passage of time and any incremental costs are recognised as finance costs.

Where a legal or constructive obligation arises as a result of operations of Defence (i.e. use of the asset) the cost of restoration is recognised as an expense in the period in which the obligation arises.

One of the following past events would give rise to a constructive obligation:

- A public announcement or statement by Government or Defence that a site would be restored;
- The existence of an established pattern of past practice of restoring sites of a particular nature or type; or
- A specific policy adopted by Government with regard to restoration of sites of a particular nature or type.

Significant Accounting Judgments and Estimates

Provisions for land decontamination, site restoration and specialist military equipment decommissioning are based on Defence's estimates of future obligations relating to the underlying assets. Some of these estimates are supported by external valuer's opinions.

Refer to Note 3.5D for a reconciliation of this balance.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000
3.5C: Other provisions		
Other provisions	29,193	290
Total other provisions¹	29,193	290
Other provisions are expected to be settled in:		
No more than 12 months	29,193	290
More than 12 months	-	-
Total other provisions	29,193	290

¹ This balance is impacted by the integration of Defence Materiel Organisation on 1 July 2015 - refer to Note 8.2A.

Refer to Note 3.5D for a reconciliation of this balance.

3.5D: Reconciliation of provision balances Movement in relation to 2016

	Restoration and decommissioning provisions \$'000	Decontamination provisions \$'000	Other provisions \$'000
Carrying amount 1 July 2015	522,758	478,434	290
Additional provisions made	155,315	220,289	29,113
Amounts used	(1)	(44,633)	-
Amounts reversed	(44,840)	(21,695)	(210)
Unwinding of discount or change in discount rate	12,515	8,042	-
Closing balance 30 June 2016	645,747	640,437	29,193

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF THE GOVERNMENT

This section analyses assets used to conduct operations and the operating liabilities incurred as a result Defence does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1: Administered - Financial Assets

	2016 \$'000	2015 \$'000
4.1A: Cash and cash equivalents		
Cash on hand or on deposit	-	-
Total cash and cash equivalents	-	-
4.1B: Trade and other receivables		
Goods and services:		
In connection with - external parties	8,456	7,134
Total receivables for goods and services	8,456	7,134
Other receivables:		
Accrued superannuation	37	529
Dividends	62,719	54,637
Loans receivable - Defence Housing Australia	509,580	509,580
Competitive neutrality - Defence Housing Australia	7,941	12,267
Total other receivables	580,277	577,013
Total trade and other receivables (gross)	588,733	584,147
Less impairment allowance:		
Goods and services	(289)	(223)
Total impairment allowance	(289)	(223)
Total trade and other receivables (net)	588,444	583,924
Receivables (net) expected to be received in:		
No more than 12 months	78,864	139,824
More than 12 months	509,580	444,100
Total trade and other receivables (net)	588,444	583,924
Receivables (gross) are aged as follows:		
Not overdue	583,859	579,490
Overdue by:		
Less than 30 days	-	4
31 to 60 days	-	44
61 to 90 days	-	-
More than 90 days	4,874	4,609
Total trade and other receivables (gross)	588,733	584,147

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

4.1B: Trade and other receivables (continued)

	2016 \$'000	2015 \$'000
The impairment allowance is aged as follows:		
Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
31 to 60 days	-	(5)
61 to 90 days	-	-
More than 90 days	(289)	(218)
Total impairment allowance	(289)	(223)

Loans to Defence Housing Australia as at 30 June 2016 have a remaining term of up to 10 years. No security is provided. Principal is required to be repaid in full at maturity, however in practice the principal is normally rolled over in a new loan agreement. Interest rates are fixed. Weighted average interest rate is 4.58%. Interest payments are due every quarter or when the loan matures.

Reconciliation of the impairment allowance

Opening Balance	(223)	(231)
Amount written off	-	-
Amounts recovered and reversed	223	19
Increase recognised in net cost of service	(289)	(11)
Closing Balance	(289)	(223)

Credit terms for goods and services were within 1-30 days (2014-15: 1-30 days).

Accounting Policy

Loans and Receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised as income or expense.

4.1C: Investments accounted for using the equity method

Other investments shares (or equity in) - Defence Housing Australia	2,474,029	2,403,732
Other investments - Small portfolio entities	89,734	84,657
Total investments	2,563,763	2,488,389

Investment are expected to be recovered in:

No more than 12 months	-	-
More than 12 months	2,563,763	2,488,389
Total investments	2,563,763	2,488,389

Accounting policy

Defence reports the Australian Government's capital investment in Defence Housing Australia (DHA).

The investment is classified as 'available for sale' and is measured at fair value using the net assets valuation approach in accordance with the FRR. The investment was assessed for impairment at year end and no indicators of impairment were noted.

The Australian Government holds a 100% interest in DHA which is a Government Business Enterprise. The principal activity of DHA is to deliver adequate and suitable housing and housing related services that meet Defence operational needs.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

4.1C: Investments accounted for using the equity method (continued)

The following Commonwealth Authorities and Companies are small portfolio bodies within the Defence Portfolio:

- Australian Strategic Policy Institute Limited;
- Army and Air Force Canteen Service (Frontline Defence Services);
- Australian Military Forces Relief Trust Fund (Army Relief Trust Fund);
- Royal Australian Air Force Veterans' Residences Trust Fund;
- Royal Australian Air Force Welfare Trust Fund;
- Royal Australian Navy Central Canteens Board;
- Royal Australian Navy Relief Trust Fund;
- AAF Company; and
- RAAF Welfare Recreational Company.

The Australian Strategic Policy Institute Limited is a Commonwealth company that provides policy-relevant research and analysis to inform Government decisions and public understanding of strategic and defence issues.

The remaining bodies were established through either their own enabling legislation or constitution to provide services/support to military personnel (including retired personnel in some circumstances). The Government has an oversight role on the investment in these bodies on behalf of the beneficiaries.

These investments are classified as 'available for sale' and are measured using the net assets valuation approach in accordance with the FRR.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

	2016 \$'000	2015 \$'000
4.2: Administered - Non-Financial Assets		
4.2A: Other non-financial assets		
Prepayments - retention benefits	203,121	173,539
Total other non-financial assets	203,121	173,539
Other non-financial assets are expected to be recovered in:		
No more than 12 months	66,823	60,751
More than 12 months	136,298	112,788
Total other non-financial assets	203,121	173,539
Accounting policy		
Certain categories of ADF personnel, who are members of the Military Superannuation Benefits Scheme (MSBS) and have had 15 years of service, receive retention benefits as an incentive for continued service. Retention benefit payments are initially recorded as prepayments and amortised over the expected period of service.		
4.3: Administered - Payables		
4.3A: Other payables		
Other payables	8,262	5,502
Total other payables	8,262	5,502
Other payables are expected to be settled in:		
No more than 12 months	8,262	5,502
More than 12 months	-	-
Total other payables	8,262	5,502
4.4: Administered - Provisions		
4.4A: Employee provisions		
Superannuation - DFRDB	50,358,700	42,945,400
Superannuation - MSBS	74,369,000	51,156,000
Total employee provisions	124,727,700	94,101,400
Employee provisions are expected to be settled in:		
No more than 12 months	2,194,000	2,143,000
More than 12 months	122,533,700	91,958,400
Total employee provisions	124,727,700	94,101,400

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

4.4A: Employee provisions (continued)

Accounting Policy

The Defence Force Retirement and Death Benefits Scheme (DFRDB) is a fully unfunded scheme and the Military Superannuation and Benefits Scheme (MSBS) is a partly funded scheme. MSBS member contributions are paid into the Military Super and Benefits Fund (MSB Fund) that is controlled by the Commonwealth Superannuation Corporation and are therefore not reflected in the administered financial statements. The Australian Government, on behalf of the MSB Fund, makes funded benefit payments to members of the scheme and is reimbursed by the MSB Fund for these payments.

The Australian Government Actuary (AGA) estimates the provisions and expected future cash flows as at 30 June each year. These estimates are reflected in the administered financial statements. The AGA completes a full review of the unfunded liabilities every three years and issues a Long Term Cost Report. This was last completed in 2014.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Re-measurement comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Re-measurement recorded in other comprehensive income is not recycled. However, Defence may transfer those amounts recognised in other comprehensive income within equity. Past service cost is recognised in net cost of services in the period of plan amendment. Net-interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- i) service cost, past-service cost, gains and losses on curtailments and settlements;
- ii) net-interest expense or income; and
- iii) re-measurement.

Defence presents the first two components of defined benefit costs in the line item 'employee benefits expense' in its income statement. Curtailments gains and losses are accounted for as past-service cost.

Re-measurement are recorded in other comprehensive income.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in Defence's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

4.5: Administered - Defined Benefit Superannuation Plans

Defence administers on behalf of the Australian Government, two defined benefit superannuation plans for ADF members. The two plans are the Defence Force Retirement and Death Benefits Scheme (DFRDB) and the Military Superannuation and Benefits Scheme (MSBS).

The defined benefit plans are administered by separate Funds that are legally separated from Defence. The board of the pension fund is composed of an equal number of representatives from both employers and (former) employees. The board of the pension fund is required by law or by articles of association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers. The board of the pension fund is responsible for the investment policy with regard to the assets of the fund.

Under MSBS, the employees are entitled to post-retirement yearly instalments amounting to 28% of final salary of each year of service until their retirement. The plans are typically exposed to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by the Australian Government Actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	2016 \$'000	2015 \$'000
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows.		
Service cost:		
Current service cost	3,400,000	2,557,000
Past service cost and (gain)/loss from settlements	-	-
Net interest expense	3,761,000	3,406,000
Expected return on plan assets	(259,000)	-
Components of defined benefit costs recorded in net cost of service	6,902,000	5,963,000
Re-measurement on the net defined benefit liability:		
The return on plan assets (excluding amounts included in net interest expense)	115,000	(485,000)
Actuarial gains and losses arising from changes in liability assumptions	(650,200)	782,500
Actuarial gains and losses arising from changes in financial assumptions	26,532,900	7,151,000
Adjustments for restrictions on the defined benefit asset	-	-
Other	-	-
Components of defined benefit costs recorded in other comprehensive income	25,997,700	7,448,500
Total of components of defined benefit cost	32,899,700	13,411,500

The past service cost, the service cost and the net-interest expense for the year is included in the employee benefits expense in the statement of comprehensive income. The re-measurement on the net defined benefit liability is included in the statement of comprehensive income as part of other comprehensive income.

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows.

Present value of defined benefit obligation	132,047,700	100,899,400
Fair value of plan assets	7,320,000	6,798,000
Net liability arising from defined benefit obligation	124,727,700	94,101,400

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

4.5: Administered - Defined Benefit Superannuation Plans (continued)

	2016 \$'000	2015 \$'000
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	100,899,400	88,641,100
Current service cost	3,400,000	2,557,000
Interest cost	3,761,000	3,649,000
Contributions from plan participants	329,000	274,000
Re-measurement (gains)/losses:		
Actuarial gains and losses arising from changes in liability assumptions	(650,200)	782,500
Actuarial gains and losses arising from changes in financial assumptions	26,532,900	7,151,000
Past service cost	-	-
Losses/(gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in a business combination	-	-
Benefits paid	(2,224,400)	(2,155,200)
Other	-	-
Closing defined benefit obligation	132,047,700	100,899,400
Movements in the present value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	6,798,000	5,764,000
Interest income	259,000	243,000
Re-measurement gain (loss):		
Actuarial gains and losses	(115,000)	485,000
The return on plan assets (excluding amounts included in net interest expense)	-	-
Contributions from the employer	697,000	617,000
Contributions from plan participants	329,000	274,000
Benefits paid	(648,000)	(585,000)
Assets distributed on settlements	-	-
Other	-	-
Closing fair value of plan assets	7,320,000	6,798,000
The major categories of plan assets at the end of the reporting period for each category, as follows:		
Australian equities	1,317,600	1,427,580
Overseas equities	1,537,200	1,699,500
Property and infrastructure	951,600	815,760
Private equity	585,600	543,840
Cash, debt instruments	1,537,200	1,155,660
Other liabilities	1,390,800	1,155,660
Subtotal	7,320,000	6,798,000

4.5: Administered - Defined Benefit Superannuation Plans (continued)

The actual return on plan assets was \$144m.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary growth, age pension methodology and CPI. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period.

- If the discount rate would be 50 basis points (0.5 percent) higher (lower), the defined benefit obligation would decrease by \$14,260m (increase by \$17,251m) if all other assumptions were held constant.
- If the expected salary growth and age pension methodology would increase (decrease) by 0.5%, the defined benefit obligation would increase by \$6,559m (decrease \$6,090m) if all other assumptions were held constant.
- If the CPI would increase (decrease) by 0.5%, the defined benefit obligation would increase by \$9,342m (decrease by \$9,303m) if all assumptions were held constant.

The expected superannuation contributions for 2016-17 is \$1,359m per the 2016-17 Portfolio Budget Statements.

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases that both depends to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

Defence should fund the cost of the entitlements expected to be earned on a yearly basis. The residual contribution (including back service payments) is paid by Defence. The funding requirements are based on a local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases (back-service liabilities) should be paid immediately to the Fund. Apart from paying the costs of the entitlements Defence is not liable to pay additional contributions in case the Fund does not hold sufficient assets. In that case the Fund should take other measures to restore its solvency such as a reduction of the entitlements of the plan members.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

4.5: Administered - Defined Benefit Superannuation Plans (continued)

APS Employees are members of the Commonwealth Superannuation Scheme (CSC), the Public Sector Superannuation Scheme (PSS) and/or the PSS accumulation Plan (PSSap). The CSC and PSS are defined benefit plans for the Australian Government. The employer contribution rate varies with the member contribution rate, subject to a maximum Accrued Benefit Multiple of 10. Any unfunded obligations of the CSC or PSS will be met by the Australian Government.

	2016 \$'000	2015 \$'000
Defence Force Retirement and Death Benefits Scheme (DFRDB)		
The amounts recognised in the statement of financial position are as follows:		
Present value of funded obligations	-	-
Fair Value of plan assets	-	-
Present value of unfunded obligations	50,358,700	42,945,400
Unrecognised past service cost	-	-
Net liability in statement of financial position	50,358,700	42,945,400
Amounts in statement of financial position:		
Liabilities	50,358,700	42,945,400
Assets	-	-
Net liability in statement of financial position	50,358,700	42,945,400
The amount recognised in income or expense are as follows:		
Current service cost	175,000	166,000
Net interest	1,563,000	1,664,000
Past service cost	-	-
Expense	1,738,000	1,830,000
Net actuarial losses (gains) recognised in equity	7,251,700	1,406,500
Changes in the value of defined benefit obligations are as follows:		
Net liability at 1 July	42,945,400	41,279,100
Current Service cost	175,000	166,000
Interest cost	1,563,000	1,664,000
Actuarial losses (gains)	7,251,700	1,406,500
Benefits paid	(1,576,400)	(1,570,200)
Past service cost	-	-
Other	-	-
Net liability as at 30 June	50,358,700	42,945,400
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	-	-
Contributions by employer	1,576,400	1,570,200
Interest on plan assets	-	-
Benefits paid	(1,576,400)	(1,570,200)
Closing value of plan assets	-	-
Principal actuarial assumptions at the reporting date (expressed as weighted averages)		
	2016	2015
Discount rate at 30 June	2.7%	3.7%
Expected return on plan assets	0.0%	0.0%
Future salary increases*	4.0%	4.0%
Future pension increases (aged 55 or more)	4.0%	4.0%
Future pension increases (under age 55)	2.5%	2.5%

Weighted mean term of the DFRDB liabilities is 18.6 years.

Weighted mean term of the DFRB liabilities is 10.0 years.

The demographic assumptions are those used for the preparation of the Long Term Cost Report for the MSBS, DFRDB and DFRB as at 30 June 2014.

* Separate promotional salary scales are used to allow for promotional salary increase.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

4.5: Administered - Defined Benefit Superannuation Plans (continued)

	2016 \$'000	2015 \$'000
Military Superannuation Benefits Scheme (MSBS)		
The amounts recognised in the statement of financial position are as follows:		
Present value of funded obligations	7,320,000	6,798,000
Fair Value of plan assets	7,320,000	6,798,000
Present value of unfunded obligations	74,369,000	51,156,000
Unrecognised past service cost	-	-
Net liability in statement of financial position	74,369,000	51,156,000
Amounts in statement of financial position:		
Liabilities	81,689,000	57,954,000
Assets	7,320,000	6,798,000
Net liability in statement of financial position	74,369,000	51,156,000
The amount recognised in income or expense are as follows:		
Current service cost	3,225,000	2,391,000
Interest on obligation	1,939,000	1,742,000
Expense	5,164,000	4,133,000
Liability actuarial losses (gains) recognised in equity	18,631,000	6,527,000
Actuarial losses (gains) on plan assets recognised in equity	115,000	(485,000)
Components recorded in equity	18,746,000	6,042,000
Changes in the value of defined benefit obligations are as follows:		
Net liability at 1 July	57,954,000	47,362,000
Current Service cost	3,225,000	2,391,000
Non-employer contributions	329,000	274,000
Interest cost	2,198,000	1,985,000
Actuarial losses (gains)	18,631,000	6,527,000
Benefits paid	(648,000)	(585,000)
Past service cost	-	-
Closing value of plan liabilities	81,689,000	57,954,000
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	6,798,000	5,764,000
Expected return on plan assets	-	-
Interest on plan assets	259,000	243,000
Actuarial gains and losses	(115,000)	485,000
Contributions by employer	697,000	617,000
Funded non-employer contributions	329,000	274,000
Benefits paid	(648,000)	(585,000)
Closing value of plan assets	7,320,000	6,798,000

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

4.5: Administered - Defined Benefit Superannuation Plans (continued)**Principal actuarial assumptions at the reporting date (expressed as weighted averages):**

	2016	2015
Discount rate at 30 June (unfunded amount)	2.7%	3.7%
Discount rate at 30 June (funded amount)	2.7%	3.7%
Expected return on plan assets	2.7%	3.7%
Future salary increases*	4.0%	4.0%
Future pension increases	2.5%	2.5%

Weighted mean term of the liabilities is 31.0 years.

The demographic assumptions are those used for the preparation of the Long Term Cost Report for the MSBS, DFRDB and DFRB as at 30 June 2014.

* Separate promotional salary scales are used to allow for promotional salary increase.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

FUNDING

This section identifies Defence's funding structure.

5.1: Appropriations

Defence is appropriated to meet three outcomes:

- Outcome 1: The protection and advancement of Australia's national interests through the provision of military capabilities and the promotion of security and stability;
- Outcome 2: The advancement of Australia's strategic interests through the conduct of military operations and other tasks as directed by Government; and
- Outcome 3: Support to the Australian community and civilian authorities as requested by Government.

Accordingly for the table below, all items are attributable to three outcomes.

5.1A: Annual appropriations ('recoverable gst exclusive')

Annual Appropriations for 2015-16

	<i>Appropriation Act</i>		<i>PGPA Act</i>		Total Appropriation \$'000	Appropriation applied in 2016 (Current and prior years) \$'000	Variance ² \$'000
	Annual Appropriation ¹ \$'000	Advance to the Finance Minister \$'000	Section 74 Receipts \$'000	Section 75 Transfers \$'000			
DEPARTMENTAL							
Ordinary annual services	29,162,834	-	358,227	-	29,521,061	(29,386,391)	134,670
Capital budget ³	-	-	-	-	-	-	-
Other services							
Equity	2,942,959	-		-	2,942,959	(2,535,548)	407,411
Loans	-	-		-	-	-	-
Total departmental	32,105,793	-	358,227	-	32,464,020	(31,921,939)	542,081
ADMINISTERED							
Ordinary annual services							
Capital budget ³	-	-		-	-	-	-
Administered items	-	-		-	-	-	-
Payments to corporate Commonwealth entities	-	-		-	-	-	-
Other Services							
Specific payments to States, ACT, NT and Local government	-	-		-	-	-	-
New administered outcomes	-	-		-	-	-	-
Administered assets and liabilities	-	-		-	-	-	-
Payments to corporate Commonwealth entities	-	-		-	-	-	-
Total administered	-	-	-	-	-	-	-

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

5.1: Appropriations (continued)

5.1A: Annual appropriations ('recoverable gst exclusive') (continued)

Notes:

1 Details of quarantined appropriations are as follows: \$'000

Quarantined appropriations

No Win No Loss - 2012-13 Act 3 (Outputs)	67,349
No Win No Loss - 2013-14 Act 1 (Outputs)	97,994
No Win No Loss - 2013-14 Act 3 (Outputs)	87,801
No Win No Loss - 2013-14 Act 5 (Outputs)	58,495
No Win No Loss - 2013-14 Act 6 (Equity)	103,103
2015-16 Act 2 (Equity)	407,411

Amounts withheld under section 51 determinations

No Win No Loss - 2014-15 Act 1 (Outputs)	71,357
No Win No Loss (FX, Ops and LAFHA)- 2014-15 Act 1 (Outputs)	50,155
2014-15 Act 4 Portfolio Additional Estimates adjustment Act 2 (Equity)	116,914
2014-15 Act 5 Supplementary Portfolio Additional Estimates adjustment Act 3 (Outputs)	91,401

Total Quarantined**1,151,980**

2. Reasons for material variance:

	Ordinary Annual Service \$'000	Equity \$'000
Prior year appropriation drawn down	(145,264)	-
Undrawn departmental annual appropriations 2015-16	279,934	407,411
Total	134,670	407,411

3. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

5.1: Appropriations (continued)

5.1A: Annual appropriations ('recoverable gst exclusive') (continued)

Annual Appropriations for 2014-15

	<i>Appropriation Act</i>		<i>PGPA Act</i>		Total Appropriations \$'000	Appropriation applied in 2015 (Current and prior years) \$'000	Variance ² \$'000
	Annual Appropriation ¹ \$'000	Advance to the Finance Minister \$'000	Section 74 Receipts \$'000	Section 75 Transfers \$'000			
DEPARTMENTAL							
Ordinary annual services	26,440,723	-	1,036,562	-	27,477,285	(27,119,037)	358,248
Capital Budget ³	-	-	-	-	-	-	-
Other services							
Equity	2,875,405	-		-	2,875,405	(2,758,491)	116,914
Loans	-	-		-	-	-	-
Total departmental	29,316,128	-	1,036,562	-	30,352,690	(29,877,528)	475,162
ADMINISTERED							
Ordinary annual services							
Capital Budget ⁴	-	-		-	-	-	-
Administered items	-	-		-	-	-	-
Payments to CAC Act bodies	-	-		-	-	-	-
Other Services							
Specific payments to States, ACT, NT and Local government	-	-		-	-	-	-
New administered outcomes	-	-		-	-	-	-
Administered assets and liabilities	-	-		-	-	-	-
Payments to CAC Act bodies	-	-		-	-	-	-
Total administered	-	-	-	-	-	-	-

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

5.1: Appropriations (continued)**5.1A: Annual appropriations ('recoverable gst exclusive') (continued)****Notes:**

1. Details of quarantined appropriations are as follows: \$'000

No Win No loss - 2012-13 Act 3 (Outputs)	67,349
No win No Loss - 2013-14 Act 1 (Outputs)	97,994
No win No Loss - 2013-14 Act 3 (Outputs)	87,801
No win No Loss - 2013-14 Act 5 (Outputs)	58,495
No win No Loss - 2013-14 Act 6 (Equity)	103,103

Amounts withheld under section 51 determinations

No win No Loss - 2014-15 Act 1 (Outputs)	71,357
2014-15 Act 4 Portfolio Additional Estimates adjustment 2014-15 Act 2 (Equity)	116,914
2014-15 Act 5 Supplementary Portfolio Additional Estimates Adjustment 2014-15 Act 3 (Outputs)	91,401

Total Quarantined**694,414**

2. Reasons for material variance:

	Ordinary Annual Service \$'000	Equity \$'000
Prior year appropriations reduced (excludes current year return)	71	-
Prior year appropriation drawn down	-	-
Undrawn departmental annual appropriations 2014-15 (refer Table B)	358,177	116,914
Total	358,248	116,914

3. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

5.1B: Unspent annual appropriations ('recoverable gst exclusive')

Authority	2016 \$'000	2015 \$'000
DEPARTMENTAL		
Operating		
Act 1 2015-16	94,498	-
Act 1 2014-15	121,512	257,911
Act 1 2013-14	97,994	97,994
Act 1 2012-13	67,349	67,349
Act 3 2015-16	185,437	-
Act 3 2014-15	91,401	100,266
Act 3 2013-14	87,801	87,801
Act 5 2013-14	58,495	58,495
Total Operating	804,487	669,816
Equity		
Act 2 2015-16	407,411	-
Act 2 2014-15	116,914	116,914
Act 6 2013-14	103,103	103,103
Total Equity	627,428	220,017
Total	1,431,915	889,833
Cash and cash equivalents	47,597	44,150
Total unspent annual appropriations ¹	1,479,512	933,983

Note

1. The unspent annual appropriations are \$1,479.512m, allocated as follows:

- \$1,151.980m has been formally quarantined by Department of Finance relating to no win/no loss arrangements of previous years;
- \$262.396m has yet to be quarantined but is to be refunded to the Department of Finance under no win/no loss arrangements; and
- \$65.136m of unspent annual appropriations (including cash and cash equivalents) available to the Department.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

5.1: Appropriations (continued)

5.1C: Special appropriations ('recoverable gst exclusive')

Authority	Nature	Type	Purpose	Appropriation Applied	
				2016 \$'000	2015 \$'000
Defence Force Retirement Benefits Act 1948, Administered ^(a)	Administered	Unlimited Amount	To provide Retirement Benefits for Members of the Defence Force who enlisted before 1 October 1972, and for other purposes.	47,419	50,202
Defence Force Retirement and Death Benefits Act 1973, Administered ^(a)	Administered	Unlimited Amount	To make provision for and in relation to a Scheme for Retirement and Death Benefits for Members of the Defence Force who enlisted before 1 October 1991.	1,506,904	1,495,193
Military Superannuation and Benefits Act 1991, Administered ^(a)	Administered	Unlimited Amount	To make provision for and in relation to an occupational superannuation scheme for, and the payment of other benefits to members of the Defence Force, and for related purposes.	583,909	523,103
Defence Force (Home Loans Assistance) Act 1990, Administered	Administered	Unlimited Amount	To provide for the payment of home loan subsidies in respect of certain members of the Defence Force and certain other persons, and for related purposes.	828	1,156
Defence Home Ownership Assistance Scheme Act 2008, administered	Administered	Unlimited Amount	To provide financial assistance to members of the Defence Force and certain other persons, for the purchase, maintenance and development of their homes, and for related purposes.	100,981	97,190
Military Superannuation and Benefits Act 1991, Administered	Administered	Unlimited Amount	To make provision for and in relation to retention benefits for ADF personnel.	98,703	80,280
Total				2,338,744	2,247,124

(a) Commonwealth Superannuation Corporation draw funds from the CRF on behalf of Defence.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2016

5.1: Appropriations (continued)

5.1D: Disclosure by agent in relation to annual and special appropriations ('recoverable gst exclusive')

2016	Department of Finance ¹ \$'000
Total receipts	-
Total payments	23,707

2015	Department of Finance ^{1, 2} \$'000
Total receipts	-
Total payments	193,558

1. The payments are related to Moorebank Units Relocation (MUR) Projects in order for Defence to facilitate the drawdown of monies from the Departmental Appropriation Act (No.2). (*This act is administered by Department of Finance*).
2. The payments are related to lease aircraft for politicians under the Parliamentary Entitlement Act 1990. (*This act is administered by Department of Finance*).

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

5.2: Special Accounts

	Service for Other Entities And Trust Monies Defence Special Account ^{1,5}		Young Endeavour Youth Program Special Account ^{2,5}		Defence Endowments Special Account ^{3,5}		Fedorczenko Legacy Special Account ^{4,5}	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Balance brought forward from previous period	64,827	66,553	1,375	1,338	48	324	167	167
Total increases	39,056	41,264	198	85	1	10	4	4
Available for payments	103,883	107,817	1,573	1,423	49	334	171	171
Decreases:								
Departmental								
Total departmental	-	-	-	-	-	-	-	-
Administered								
Total Administered	(32,930)	(42,990)	(82)	(48)	(1)	(286)	(2)	(4)
Total Decreases	(32,930)	(42,990)	(82)	(48)	(1)	(286)	(2)	(4)
Total Balance to be carried forward to next period	70,953	64,827	1,491	1,375	48	48	169	167

Notes

1. Appropriation: Public Governance, Performance and Accountability Act 2013 section 78.

- Establishing Instrument: Financial Management and Accountability Determination 2009/15.
- Purpose: This account was created to disburse amounts held on trust or otherwise for the benefit of persons other than the Commonwealth.
- Special account is disclosed on a recoverable GST exclusive basis.
- This account is non-interest bearing.

2. Appropriation: Public Governance, Performance and Accountability Act 2013 section 78.

- Establishing Instrument: Financial Management and Accountability Determination 2009/02.
- Purpose: For the receipt and payment of money in connection with the operations and activities of the STS Young Endeavour, as specified by the Young Endeavour Program Board of Management or by the Commonwealth.
- Special account is disclosed on a recoverable GST exclusive basis.
- This account is interest bearing.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

5.2: Special Accounts (continued)

3. Appropriation: Public Governance, Performance and Accountability Act 2013 section 78.

- Establishing Instrument: Financial Management and Accountability Determination 2009/11.
- Purpose: For expenditure in accordance with the terms provided for in the endowments.
- Special account is disclosed on a recoverable GST exclusive basis.
- This account is interest bearing.

4. Appropriation: Public Governance, Performance and Accountability Act 2013 section 78.

- Establishing Instrument: Financial Management and Accountability Determination 2009/13.
- Purpose: For expenditure in relation to the defence of Australia of the residual of the estate of the late Petro Fedorczenko.
- Special account is disclosed on a recoverable GST exclusive basis.
- This account is interest bearing.

5. Monies held within special accounts:

Service for Other Entities and Trust Monies Defence Special Account:

Woomera Security Lodgements, Peter Mitchell Trust Fund, Project Q, Metal Storm R&D, Singapore Armed Forces (Army 1), Singapore Armed Forces (Army 2), Global Positioning System, Republic of Singapore Air Force UT 1, Republic of Singapore Air Force UT 2, Explosive Safety Trials, SAF Exercise Infrastructure Damage Cost Recovery, Share Vision CSNE, Emerging Technologies, Accommodation Purchases, P303, Paris, Ex Aussing, Pitchpipe 2009, Spurgalls 2, Research Program, SEET (JIC), Doppler Targets, Hercules, Rascal, FA18 Barrel Testing, Virsuite, OOT Project, Geospatial Intelligence, DHS, CTTSO, US Collaboration and RSAF Oakey Facilities Works.

Young Endeavour Youth Program Special Account:

Young Endeavour Youth Program Special Account and Young Endeavour Youth Program Special Public Fund.

Defence Endowments Special Account:

Parker Trophy, Gowlland Medal, Edward Rodwell Memorial Prize, Joseph Schultz Memorial Prize, CJ Toohey Memorial Prize, Ronald Syme Trust Prize, General Bridges Memorial Prize Fund, TJ Stevens Memorial Fund and RAN Training Prizes.

Fedorczenko Legacy Special Account:

Fedorczenko.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

5.3: Cash Flow Reconciliation

	2016	2015
	\$'000	\$'000
5.3A: Cash flow reconciliation		
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash Flow Statement	47,597	44,150
Statement of Financial Position	47,597	44,150
Discrepancy	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities:		
Net cost of services	(28,706,779)	(26,277,471)
Add revenue from Government	28,900,438	26,298,242
Adjustments for non-cash items		
Depreciation/amortisation	4,511,504	4,257,845
Foreign exchange (gains)/losses	18,624	2,054
Reversal of previous asset write-downs	(258,502)	(294,866)
(Gains)/losses from assets sales	657	51,643
Net write-down and impairment of assets	696,765	1,421,750
Finance costs	114,908	137,869
Inventory consumption or expense	1,187,375	1,248,929
Changes in assets/liabilities		
Decrease/(increase) in inventory related to operating activities	(266,457)	(96,587)
Decrease/(increase) in trade and other receivables	124,525	76,223
Decrease/(increase) in prepayments	325,586	(481,915)
Increase/(decrease) in supplier payables	(231,380)	(413,380)
Increase/(decrease) in other payables	(165,871)	93,257
Increase/(decrease) in employee provisions	(102,916)	71,636
Increase/(decrease) in restoration, decontamination and decommissioning	284,993	83,557
Increase/(decrease) in other provisions	27,830	(2,004)
Net cash from / (used by) operating activities	6,461,300	6,176,782

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

5.3: Cash Flow Reconciliation (continued)

5.3B: Administered - Cash flow reconciliation

	2016 \$'000	2015 \$'000
Cash and cash equivalents as per:		
Administered Cash Flow Statement	-	-
Administered Schedule of Assets and Liabilities	-	-
Discrepancy	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(5,181,163)	(4,496,710)
Adjustments for non-cash items		
Foreign exchange (gains)/losses	(148)	(798)
Dividends declared	(62,719)	(54,637)
Net write-down and impairment of assets	72	11
Return of cash to OPA recorded through equity	-	1,519
Changes in assets/liabilities		
Decrease/(increase) in trade and other receivables	3,711	2,369
Decrease/(increase) in prepayments	(29,582)	(10,520)
Increase/(decrease) in other payables	2,760	(128)
Increase/(decrease) in employee provisions	4,628,601	3,775,800
Net cash from / (used by) operating activities	<u>(638,468)</u>	<u>(783,094)</u>

PEOPLE AND RELATIONSHIPS

This section describes our relationship with key people.

6.1: Senior Management Personnel Remuneration

	2016 \$	2015 \$
Short-term employee benefits		
Salary	63,459,634	63,931,038
Performance bonus	174,779	10,000
Other ¹	19,073,362	20,719,452
Total short-term employee benefits	82,707,775	84,660,490
Post-employment benefits		
Superannuation	15,170,961	13,107,026
Total post-employment benefits	15,170,961	13,107,026
Other long-term benefits		
Annual leave	6,282,712	5,583,061
Long-service leave	2,177,158	1,709,994
Total other long-term benefits	8,459,870	7,293,055
Termination benefits	11,284,152	4,284,427
Total senior management personnel remuneration	117,622,758	109,344,998

The total number of senior management personnel that are included in the above table are 395 (2014-15: 342).

Notes

1. "Other" includes leased motor vehicles, car parking, housing, medical benefits and other allowances.
2. Excludes Star Ranked Reservists who are not employed on a continuous full time basis.
3. For 2014-15 financial year, there were 3 SES officers seconded to Defence.
4. For 2014-15 financial year, the above disclosures includes all Military Star Ranked Officers who were posted to the Defence Materiel Organisation (DMO). In 2014-15 there were 26 such Officers and the total remuneration for these Officers was \$8,107,193.
5. The amounts disclosed above for SES officers seconded to Defence are included as receipt of goods or services from another entity.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

MANAGING UNCERTAINTIES

This section analyses how Defence manages financial risk within its operating environment.

7.1: Contingent Liabilities and Assets

7.1A: Contingent liabilities and assets

	Claims for damages / costs		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Contingent Assets				
Balance from previous period	7,208	3,837	7,208	3,837
New	1,898	698	1,898	698
Re-measurement	(3,629)	3,436	(3,629)	3,436
Assets realised	-	(750)	-	(750)
Rights expired	-	(13)	-	(13)
Total contingent assets	5,477	7,208	5,477	7,208
Contingent Liabilities				
Balance from previous period	24,993	39,022	24,993	39,022
New	48,529	2,034	48,529	2,034
Re-measurement	25,945	(7,983)	25,945	(7,983)
Liabilities realised	(4,528)	(3,834)	(4,528)	(3,834)
Obligations expired	-	(4,246)	-	(4,246)
Total Contingent liabilities	94,939	24,993	94,939	24,993
Net contingent assets (liabilities)	(89,462)	(17,785)	(89,462)	(17,785)

Quantifiable Contingencies

Contingent Assets: At 30 June 2016, the Schedule of Contingencies contains 19 (2014-15: 25) instances of non-remote, quantifiable contingent assets in respect of claims by the Department valued at \$5.5m (2014-15: \$7.2m). The Department is expecting to succeed in its claims. The estimated figure is determined by conducting an objective analysis of the probable amounts owing to the Department.

Contingent Liabilities: At 30 June 2016, the Schedule of Contingencies contains 19 (2014-15: 19) instances of non-remote, quantifiable contingent liabilities in respect of claims on the Department valued at \$94.9m (2014-15: \$25.0m). The estimated figure is determined by conducting an objective analysis of the probable amount payable for all the matters managed by firms engaged by Defence through the Attorney General's Legal Services Multi Use List and those being handled in-house by Defence Legal Division. However, the exact amount payable under those claims is uncertain. The Department is defending the claims or is trying to resolve them by recourse to alternative dispute resolution measures.

Unquantifiable Contingencies

Contingent Assets: At 30 June 2016 Defence had 6 (2014-15: 17) instances of unquantifiable non-remote contingent assets.

Contingent Liabilities: At 30 June 2016 Defence had 36 (2014-15: 25) instances of unquantifiable non-remote contingent liabilities.

Land decontamination, site restoration and decommissioning of Defence assets: Defence has made financial provision for the future estimates involved in land decontamination, site restoration and decommissioning of Defence assets where a legal or constructive obligation has arisen. For those decontamination, restoration and decommissioning activities for which there is no legal or constructive obligation, the potential costs have not been assessed and are unquantifiable. Where there is a possible legal or constructive obligation, but the potential cost could not be quantified, the obligations have been assessed as unquantifiable contingencies.

It was not possible to estimate the amounts of any eventual payments or receipts that may eventuate in relation to these claims.

Quantifiable Remote Contingencies

Remote Contingent Assets: At 30 June 2016 Defence had 1 (2014-15: 3) instance of a quantifiable remote contingent asset valued at \$0.05m (2014-15: \$0.3m).

Remote Contingent Liabilities: At 30 June 2016 Defence had 1,409 (2014-15: 1,437) instances of quantifiable remote contingent liabilities valued at \$5,416m (2014-15: \$3,794m).

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

7.1: Contingent Liabilities and Assets (continued)

Unquantifiable Remote Contingencies

Contingent Assets: At 30 June 2016 Defence had nil instances of unquantifiable remote contingent assets (2014-15: nil).

Contingent Liabilities: At 30 June 2016 Defence had 23 instances of unquantifiable remote contingent liabilities (2014-15: 9).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are disclosed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2016

7.2: Financial Instruments

	2016 \$'000	2015 \$'000
7.2A: Categories of financial instruments		
Financial Assets		
Cash and cash equivalents	47,597	44,150
Loans and receivables:		
Trade and other receivables	462,561	561,759
Total Financial Assets	510,158	605,909
Carrying amount of financial assets	510,158	605,909
Financial Liabilities		
At amortised cost:		
Suppliers	2,263,290	1,164,615
Other payables	111,429	362,929
Finance leases	1,534,423	1,440,999
Total Financial Liabilities at Amortised Cost	3,909,142	2,968,543
Carrying amount of financial liabilities	3,909,142	2,968,543

Accounting Policy

Financial Assets

Defence classifies its financial assets in the following categories;

- a) financial assets at fair value through profit or loss;
- b) held-to-maturity investments;
- c) available-for-sale financial assets; and
- d) loans and receivables

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

(a) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

(b) Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'.

Receivables for goods and services are generally receivable within the short term and are measured at their nominal amounts less any allowance for impairment. The collectability of receivables is assessed periodically with allowances made for doubtful debts when there is objective evidence that Defence will not be able to collect the debt. No allowance is made for Australian Government, foreign government and employee debts as they are normally deemed to be collectable unless there is objective evidence to the contrary. Long term receivables are discounted to the present value using the effective interest method.

(c) Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

Accounting Policy (Continued)*Financial Liabilities*

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are derecognised upon trade date.

(a) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

(b) Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on the financial liability.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Defence's supplier and other payables are generally payable within the short term and are recognised at the amount of cash or cash equivalents required to settle the liability. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Financial Risk Management

Under relevant legislation and Australian Government policy, Defence is restricted from entering into borrowings, some investments and entering into derivative transactions to offset risk exposure. As such, Defence's exposure to risk is primarily related to credit risk on trade receivables and foreign currency risk in relation to payments to overseas suppliers of goods and services received. However, this exposure is minimal in terms of the operations of Defence as Defence is subject to a no win/no loss funding arrangement for foreign exchange gains and losses.

Defence is also exposed to some contract price escalation risk. This risk exposure is due to the difference in the basis on which Defence is funded for price escalations from government to the price escalation clauses embedded within the contracts. The risk of increased cost is managed by Defence to ensure exposure to the Australian Government is minimised.

Derecognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the assets with the associated risks and rewards are transferred to another entity. Financial liabilities are derecognised when the obligation under the contract is discharged, cancelled or has expired.

	2016 \$'000	2015 \$'000
7.2B: Net gains or losses on financial assets		
Loans and receivables		
Exchange gains/(loss)	(107)	3,877
Impairment reversal/(impairment)	(130)	(428)
Net gain/(loss) on loans and receivables	(237)	3,449
Net gain/(loss) on financial assets	(237)	3,449

There is no interest income from financial assets not at fair value through the net cost of services.

7.2C: Net gains or losses on financial liabilities**At amortised cost**

Exchange gains/(loss)	(18,517)	(5,931)
Interest expense	(94,351)	(113,362)
Net gain/(loss) financial liabilities - at amortised cost	(112,868)	(119,293)
Net gain/(loss) on financial liabilities	(112,868)	(119,293)

There is no interest expense from financial liabilities not at fair value through the net cost of services.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

7.2D: Fair value of financial instruments

The fair values of cash, non-interest bearing monetary financial assets, trade creditors and finance leases approximate their carrying amounts. Finance Leases are recognised at the lower of fair value and net present value of the minimum lease payments (AASB 117) at lease inception. The carrying amounts reported represent the amounts required to settle each liability.

7.2E: Credit Risk

Defence's maximum credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. Defence has endorsed policies and procedures for debt management to reduce the incidence of credit risk. The majority of goods or services provided by Defence are provided to other government entities and employees and therefore represent minimal credit risk exposure for Defence.

The carrying amount of financial assets, net of impairment losses, reported in the Statement of Financial Position represents Defence's exposure to credit risk. Defence has no significant exposures to any concentrations of credit risk.

Credit quality of financial instruments not past due or individually determined as impaired:

	Not past due nor impaired 2016 \$'000	Not past due nor impaired 2015 \$'000	Past due or impaired 2016 \$'000	Past due or impaired 2015 \$'000
Financial Assets:				
Cash and cash equivalents	47,597	44,150	-	-
Trade and other receivables	465,763	543,136	31,381	22,013
Total	513,360	587,286	31,381	22,013

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

7.2E: Credit Risk (continued)

Ageing of financial assets that are past due but not impaired:

	0 to 30 days		31 to 60 days		61 to 90 days		Over 90 days		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assets:										
Trade and other receivables	4,732	5,358	4,603	1,111	1,358	788	20,688	11,366	31,381	18,623
Total	4,732	5,358	4,603	1,111	1,358	788	20,688	11,366	31,381	18,623

7.2F: Liquidity risk

Defence's financial liabilities are payables and finance leases. The exposure to liquidity risk is based on the notion that Defence will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to Defence (e.g. Advance from the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following table illustrates the maturities for non-derivative financial liabilities.

	On demand		Within 1 year		1 to 2 years		2 to 5 years		> 5 years		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial Liabilities:												
Suppliers	-	-	2,263,290	1,164,615	-	-	-	-	-	-	2,263,290	1,164,615
Other payables	-	-	82,292	327,663	3,909	5,204	17,307	13,087	7,921	16,975	111,429	362,929
Financial lease	-	-	135,942	128,539	240,073	249,391	430,565	374,982	2,247,931	2,246,411	3,054,511	2,999,323
Total	-	-	2,481,524	1,620,817	243,982	254,595	447,872	388,069	2,255,852	2,263,386	5,429,230	4,526,867

Defence has no derivative financial liabilities in both the current and prior year.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

7.2G: Market risk

Currency risk

Foreign currency transactions are recorded at the rate of exchange at the date of the transaction.

Foreign currency receivables, payables and provisions are translated at exchange rates current at the balance date. Exchange gains and losses are brought to account in determining the operating result for the year. These exchange gains and losses are not speculative and no hedging is undertaken.

Defence is exposed to foreign exchange rate risk through primary financial assets and liabilities yet a change in risk variable will not have a significant effect on the Statement of Financial Position or the Statement of Comprehensive Income.

The following table summarises the currency risk in respect of recognised financial assets and financial liabilities:

	United States Dollar A\$'000	Malaysian Ringgit A\$'000	United Arab Emirates Dirham A\$'000	Canadian Dollar A\$'000	Euro A\$'000	British Pound Sterling A\$'000	Other A\$'000	Total A\$'000
Financial Assets								
Cash	3,508	239	1,093	-	336	-	17	5,193
Receivables	9,783	-	-	-	53	1,442	34	11,312
	<u>13,291</u>	<u>239</u>	<u>1,093</u>	<u>-</u>	<u>389</u>	<u>1,442</u>	<u>51</u>	<u>16,505</u>
Financial Liabilities								
Suppliers	98,833	317	2,901	7,702	87,289	8,722	14,902	220,666
	<u>98,833</u>	<u>317</u>	<u>2,901</u>	<u>7,702</u>	<u>87,289</u>	<u>8,722</u>	<u>14,902</u>	<u>220,666</u>

Departmental currency risk is minimised through budget supplementation for any adverse movements in exchange rates on financial assets and financial liabilities held in foreign currencies.

Interest rate risk

Defence reports interest-bearing finance leases that bear interest at a fixed interest rate at inception. Therefore, a change in interest rates at the reporting date would have a nil impact.

Other price risk

Defence is exposed to a variety of commodity price risks relating to various supply contracts. These do not have a material impact on Defence's financial liabilities.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

7.3: Administered - Financial Instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis for measurement in respect of each class of financial asset and financial liability are disclosed in Note 7.2A Financial Instruments.

	2016 \$'000	2015 \$'000
7.3A: Categories of financial instruments		
Financial Assets		
Cash and cash equivalents	-	-
Loans and receivables:		
Receivables	588,444	583,924
Total	588,444	583,924
Available for sale:		
Investment - Defence Housing Australia	2,474,029	2,403,732
Investment - Small Portfolio bodies	89,734	84,657
Total	2,563,763	2,488,389
Carrying amount of financial assets	3,152,207	3,072,313
Financial Liabilities		
At amortised cost:		
Other payables	8,262	5,502
Total	8,262	5,502
Carrying amount of financial liabilities	8,262	5,502
 7.3B: Net gains or losses on financial assets		
Loans and receivables		
Interest revenue	26,479	28,610
Impairment	(72)	(11)
Exchange gains/(loss)	148	798
Net gain/(loss) on loans and receivables	26,555	29,397
Available for sale		
Dividend revenue	62,719	54,637
Net gain/(loss) available for sale	62,719	54,637
Net gain/(loss) on financial assets	89,274	84,034
 7.3C: Net gains or losses on financial liabilities		

There was no net gain / (loss) from financial liabilities.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

7.3D: Credit risk

Defence's maximum credit risk at each class of recognised financial assets is the carrying amount of those assets as indicated in the Administered Schedule of Assets and Liabilities. Defence has endorsed policies and procedures for debt management to reduce the incidence of credit risk. The majority of goods or services provided by Defence are provided to other government entities and employees and therefore represent minimal credit risk exposure for Defence.

The carrying amount of financial assets, net of impairment losses, reported in the Administered Schedule of Assets and Liabilities represents Defence's exposure to credit risk. Defence has no significant exposures to any concentrations of credit risk.

Credit quality of financial instruments not past due or individually determined as impaired:

	Not past due nor impaired 2016 \$'000	Not past due nor impaired 2015 \$'000	Past due or impaired 2016 \$'000	Past due or impaired 2015 \$'000
Financial Assets:				
Cash and cash equivalents	-	-	-	-
Receivables	583,859	579,490	4,874	4,657
Investments	2,563,763	2,488,389	-	-
Total	3,147,622	3,067,879	4,874	4,657

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

7.3D: Credit risk (continued)

Ageing of financial assets that are past due but not impaired:

	0 to 30 days		31 to 60 days		61 to 90 days		Over 90 days		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assets:										
Receivables	-	4	-	39	-	-	4,585	4,391	4,585	4,434
Total	-	4	-	39	-	-	4,585	4,391	4,585	4,434

7.3E: Liquidity risk

Defence's administered financial liabilities are payables. The exposure to liquidity risk is based on the notion that Defence will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to Defence (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following table illustrates the maturities for non-derivative financial liabilities.

	On demand		Within 1 year		1 to 2 years		2 to 5 years		> 5 years		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial Liabilities:												
Other payables	-	-	8,262	5,502	-	-	-	-	-	-	8,262	5,502
Total	-	-	8,262	5,502	-	-	-	-	-	-	8,262	5,502

There are no derivative financial liabilities in both the current and prior year.

7.3F: Market risk

Defence Administered has no material exposure to currency risk, interest rate risk or other price risk.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

7.4: Fair Value Measurements

The following tables provide an analysis of the assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Accounting Policy

Defence deems transfers between levels of fair value hierarchy to have occurred when there has been a change to the inputs to the fair value measurement (for instance from observable to unobservable and vice versa) and the significance that the changed input has in determining the fair value measurement. There has been no transfers between levels 1 and 2 during the reporting period that require additional disclosures.

In estimating the fair value of an asset or a liability, Defence uses market-observable data to the extent it is available. Where Level 1 inputs are not available, Defence engages third party qualified valuers and internal experts to perform the valuation. The Asset Accounting branch works closely with the qualified external valuers and internal experts to establish the appropriate valuation techniques and inputs to the models to ensure the valuations are in line with AASB 13. The Asset Accounting branch reviews all reports received from third party valuers and internal experts to ensure unobservable inputs used align with Defence's own assumptions and understanding of the market. This review includes investigation of significant fluctuations in the fair value of the assets and liabilities and that the report includes sufficient information to ensure compliance with AASB 13.

7.4A: Fair Value Measurements

	Fair value measurements at the end of the reporting period			For level 2 and 3 fair value measurements	
	2016 \$'000	2015 \$'000	Category	Valuation Techniques	Inputs used
Non-financial assets - Recurring fair value:					
Land	5,505,638	5,110,068	Level 2	Market approach	Publicly available prices from an active market trading similar assets, as adjusted to reflect the differences in assets.
Buildings	12,135,434	12,544,445	Level 3	Cost approach	Publicly or privately sourced production cost of asset that is in production but that is not traded, as adjusted for differences in asset and time.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

7.4A: Fair Value Measurements (continued)

	Fair value measurements at the end of the reporting period		For level 2 and 3 fair value measurements		
	2016 \$'000	2015 \$'000	Category	Valuation Techniques	Inputs used
Non-financial assets - Recurring fair value:					
Specialist Military Equipment	56,217,433	N/A	Level 3	Market or cost approach	Publicly or privately sourced market prices of the same or similar assets, adjusted as necessary to reflect the lack of an active market, differences in the asset and time, or Publicly or privately sourced production cost of asset that is in production but that is not traded, as adjusted for differences in asset and time.
Infrastructure	5,630,439	5,571,994	Level 3	Cost approach	Publicly or privately sourced production cost of asset that is in production but that is not traded, as adjusted for differences in asset and time.
Plant and Equipment - vehicles	131,138	125,390	Level 2	Market approach	Publicly available prices from an active market trading similar assets, as adjusted to reflect the differences in assets.
Plant and Equipment - other	1,980,207	1,655,256	Level 3	Cost approach	Publicly or privately sourced production cost of asset that is in production but that is not traded, as adjusted for differences in asset and time.
Heritage and Cultural	623,102	1,006,948	Level 3	Market or cost approach	Publicly or privately sourced market prices of the same or similar assets, adjusted as necessary to reflect the lack of an active market, differences in the asset and time, or Publicly or privately sourced production cost of asset that is in production but that is not traded, as adjusted for differences in asset and time.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

7.4A: Fair Value Measurements (continued)

	Fair value measurements at the end of the reporting period		For level 2 and 3 fair value measurements		
	2016 \$'000	2015 \$'000	Category	Valuation Techniques	Inputs used
Non financial liabilities:					
Restoration, decontamination and decommissioning	1,286,184	1,001,192	Level 3	Defence estimates of future obligation relating to the underlying assets.	Inflation rate Discount rate.
	2016 \$'000	2015 \$'000	Valuation Techniques		
Assets not measured at fair value in the statement of financial position¹					
Cash and cash equivalents	47,597	44,150	Carrying value equates to known amounts of cash.		
Trade and other receivables	1,406,929	998,278	Amount receivable less any allowances for impairment.		
Liabilities not measured at fair value in the statement of financial position¹					
Other provisions	29,193	290	Estimate of future liabilities.		
Suppliers	2,539,881	1,164,800	Amount of cash or cash equivalent required to settle the liability.		
Other payables	252,899	477,419	Amount of cash or cash equivalent required to settle the liability.		
Finance lease payables	1,534,423	1,440,999	Present value of minimum lease payments.		

¹ These items carrying amounts equate to their approximate fair values.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

7.4B: Reconciliation for recurring Level 3 fair value Measurements

Non-financial Assets	Buildings		Specialist Military Equipment		Infrastructure		Plant and Equipment		Heritage and Cultural		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Opening Balance 1 July	12,544,445	12,028,971	42,651,237	-	5,571,994	5,534,132	1,655,256	1,128,226	1,006,948	1,002,312	63,429,880	19,693,641
Total gains/(losses) recognised in net cost of services ¹	(641,998)	(684,549)	(3,189,852)	-	(395,060)	(352,703)	(334,833)	(226,311)	(50,417)	(18,750)	(4,612,160)	(1,282,313)
Total gains/(losses) recognised in other comprehensive income ²	(147,839)	87,991	9,388,585	-	131,948	55,463	(37,135)	5,367	(22,118)	(317)	9,313,441	148,504
Purchases	558,019	874,501	6,753,067	-	287,422	214,427	508,274	493,394	1,252	217	8,108,034	1,582,539
Adjustments to opening balance	11,058	42,729	601,311	-	3,587	6,585	223,381	139	(318,704)	5,166	520,633	54,619
Disposals	(33,950)	(11,211)	(9,053)	-	(112)	-	(24,963)	(36,244)	-	-	(68,078)	(47,455)
Reversal of previous write-downs ³	785	10,782	44,625	-	2,299	2,029	32,121	5,924	107	10	79,937	18,745
Reclassification / Transfers ⁴	(155,086)	195,231	(22,487)	-	28,361	112,061	7,287	(3,121)	6,034	18,310	(135,891)	322,481
Transfers from Level 3 ⁵	-	-	-	-	-	-	(49,196)	(36,468)	-	-	(49,196)	(36,468)
Transfers to Level 3 ⁵	-	-	-	-	-	-	15	324,350	-	-	15	324,350
Closing Balance 30 June	12,135,434	12,544,445	56,217,433	-	5,630,439	5,571,994	1,980,207	1,655,256	623,102	1,006,948	76,586,615	20,778,643

¹ These gains/(losses) are presented in the Statement of Comprehensive Income under depreciation and amortisation and write-down and impairment of assets.

² These gains/(losses) are presented in the Statement of Comprehensive Income under changes in asset revaluation reserves.

³ These gains/(losses) are presented in the Statement of Comprehensive Income under reversals of previous asset write downs and impairment.

⁴ To other classes or non-financial asset categories. These transfers are undertaken to reflect either reclassification within property, plant and equipment classes or between inventory and property, plant and equipment.

⁵ Transfers to and from Level 3 depend on whether Active and Liquid Markets (ALM) exist for Defence's assets. This is reviewed on an annual basis and as a result of the 2015-16 review performed by an external valuer.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

*For the period ended 30 June 2016***7.4C: Fair value measurements - reconciliation for restoration, decontamination and decommissioning provision***Non-financial Liabilities*

	2016 \$'000	2015 \$'000
Opening Balance 1 July	1,001,192	917,635
Additional provision made ⁶	375,604	144,993
Amounts used	(44,634)	(51,443)
Amounts reversed ⁷	(66,535)	(34,500)
Unwinding of discount or change in discount rate ⁸	20,557	24,507
Closing Balance 30 June	1,286,184	1,001,192

⁶ These gains/(losses) are presented in the Statement of Comprehensive Income under Other Expenses.⁷ These gains/(losses) are presented in the Statement of Comprehensive Income under Other Gains.⁸ Unwinding of discount or change in discount rate are presented in the Statement of Comprehensive Income under Other Finance Costs.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2016

7.5: Administered - Fair Value Measurements

The following tables provide an analysis of the assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

7.5A: Administered Fair value measurements

	Fair value measurements at the end of the reporting period		For level 2 and 3 fair value measurements		
	2016 \$'000	2015 \$'000	Category	Valuation Techniques	Inputs used
Financial assets					
- Recurring fair value:					
Administered Investment	2,563,763	2,488,389	Level 2	Net Assets valuation approach	Fair Value of assets

Defence deems transfers between levels of fair value hierarchy to have occurred when there has been a change to the inputs to the fair value measurement (for instance from observable to unobservable and vice versa) and the significance that the changed input has in determining the fair value measurement.

There has been no transfers between levels 1 and 2 during the reporting period that require additional disclosures.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

OTHER INFORMATION

8.1: Assets Held in Trust

	2016 \$'000	2015 \$'000
Young Endeavour Youth Program Public Fund (Trust)		
Monetary assets held in trust were also disclosed in 5.2 Special Accounts in the table titled "Young Endeavour Youth Program Special Account" (Special Public Money).		
<i>Purpose of trust arrangement:</i>		
<i>To create a capital fund for the purpose of furthering youth development initiatives to make specific acquisitions and to support the Young Endeavour Youth Scheme through sail training for young Australians.</i>		
The fund is listed as a deductible gift recipient.		
Total amount held at the beginning of the reporting period	1,274	1,233
Other receipts	88	47
Total credits	1,362	1,280
Payment made to suppliers	(2)	(6)
Total debits	(2)	(6)
Total amount held at the end of the reporting period	1,360	1,274
Peter Mitchell Trust Fund (Trust)		
Monetary assets held in trust were also disclosed in 5.2 Special Accounts in the table titled "Services for Other Entities and Trust Monies" (Special Public Money).		
<i>Purpose of trust arrangement:</i>		
<i>To disburse amounts held on trust or otherwise for the benefit of a person other than the Commonwealth.</i>		
Total amount held at the beginning of the reporting period	3	2
Other receipts	3	4
Total credits	6	6
Payment made to suppliers	(5)	(3)
Total debits	(5)	(3)
Total amount held at the end of the reporting period	1	3
Fedorczenko Legacy Fund Special Account (Trust)		
Monetary assets held in trust were also disclosed in 5.2 Special Accounts in the table titled "Fedorczenko Legacy Special Account" (Special Public Money).		
<i>Purpose of trust arrangement:</i>		
<i>For expenditure in relation to the defence of Australia of the residual of the estate of the late Petro Fedorczenko.</i>		
Total amount held at the beginning of the reporting period	167	167
Other receipts	4	4
Total credits	171	171
Payment made to suppliers	(2)	(4)
Total debits	(2)	(4)
Total amount held at the end of the reporting period	169	167

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

8.2: Restructuring

8.2A: Departmental restructuring

	Defence Materiel Organisation ¹ \$'000
FUNCTIONS ASSUMED	
Assets recognised	
Cash and cash equivalents	(32,619)
Trade and other receivables	575,441
Property, plant and equipment	4,732
Intangibles	6
Prepayments	2,909,916
Total assets recognised	3,457,476
Liabilities recognised	
Suppliers	1,417,301
Unearned income	1,091,018
Grants	859
Other payables	232,726
Employee provisions	156,310
Other provisions	1,073
Total liabilities recognised	2,899,287
Net assets recognised²	558,189
Less DMO appropriation receivable not transferred to Defence	(113,623)
Net contribution by owners	444,566

¹ As a result of the First Principles Review, the Defence Materiel Organisation (DMO) was delisted and reintegrated into the Department of Defence on 1 July 2015. The activities undertaken by DMO prior to 1 July 2015 were absorbed into Defence's operations from that date.

² The net book value of assets and liabilities were transferred from DMO to Defence for no consideration on 1 July 2015. These values, as noted above, are the same as those reported in the financial statements for DMO for the year ended 30 June 2015.

8.3: Reporting of Outcomes

1. Defence is appropriated to meet three outcomes, as follows. All income, expenses, assets and liabilities are attributed to one of these outcomes.

OUTCOME 1. THE PROTECTION AND ADVANCEMENT OF AUSTRALIA'S NATIONAL INTERESTS THROUGH THE PROVISION OF MILITARY CAPABILITIES AND THE PROMOTION OF SECURITY AND STABILITY

- 1.1 Strategy¹
- 1.2 Navy Capabilities¹
- 1.3 Army Capabilities¹
- 1.4 Air Force Capabilities¹
- 1.5 Joint Operations Command
- 1.6 Intelligence Capabilities
- 1.7 Vice Chief of the Defence Force¹
- 1.8 Capability Acquisition and Sustainment
- 1.9 Defence Executive Support
- 1.10 Estate and Infrastructure
- 1.11 Chief Information Officer
- 1.12 Defence People
- 1.13 Defence Science and Technology
- 1.14 Capability Development¹
- 1.15 Chief Finance Officer
- 1.16 Defence Force Superannuation Benefits
- 1.17 Defence Force Superannuation – Nominal Interest
- 1.18 Housing Assistance
- 1.19 Other Administered

OUTCOME 2. THE ADVANCEMENT OF AUSTRALIA'S STRATEGIC INTERESTS THROUGH THE CONDUCT OF MILITARY OPERATIONS AND OTHER TASKS AS DIRECTED BY GOVERNMENT

- 2.1 Operations Contributing to the Security of the Immediate Neighbourhood
- 2.2 Operations Supporting Wider Interests

OUTCOME 3. SUPPORT TO THE AUSTRALIAN COMMUNITY AND CIVILIAN AUTHORITIES AS REQUESTED BY GOVERNMENT

- 3.1 Defence Contribution to National Support Tasks in Australia

¹ Program 1.14 Capability Development has been disbanded on 1 April 2016, with relevant functions transferred to the following Programs: Strategy, Navy Capabilities, Army Capabilities, Air Force Capabilities, and Vice Chief of the Defence Force.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

8.3: Reporting of Outcomes (continued)

	Outcome 1		Outcome 2		Outcome 3		Payments to corporate Commonwealth entities		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Expenses										
Employee benefits	11,540,683	10,247,338	104,394	90,915	10,895	17,983	-	-	11,655,972	10,356,236
Supplier expenses	11,642,829	11,443,367	527,771	333,238	20,930	24,075	-	-	12,191,530	11,800,680
Grants	21,573	10,966	107,052	104,398	-	-	-	-	128,625	115,364
Depreciation and amortisation	4,511,504	4,257,845	-	-	-	-	-	-	4,511,504	4,257,845
Finance costs	114,908	137,869	-	-	-	-	-	-	114,908	137,869
Write-down and impairment of assets	696,765	1,421,750	-	-	-	-	-	-	696,765	1,421,750
Foreign exchange losses	18,624	2,054	-	-	-	-	-	-	18,624	2,054
Losses from asset sales	657	51,643	-	-	-	-	-	-	657	51,643
Other expenses	244,911	116,734	6	8	-	-	-	-	244,917	116,742
Total expenses	28,792,454	27,689,566	739,223	528,559	31,825	42,058	-	-	29,563,502	28,260,183
Own-source income:										
Revenue										
Provision of goods and rendering of services	435,547	480,456	11,870	10,452	-	-	-	-	447,417	490,908
Sustainment expenditure recovered from DMO	-	187,101	-	-	-	-	-	-	-	187,101
Recovery of military salaries from DMO	-	181,883	-	-	-	-	-	-	-	181,883
Group rental scheme	-	-	-	-	-	-	-	-	-	-
Resources received free of charge - DMO	-	686,860	-	-	-	-	-	-	-	686,860
Rental income	5,722	7,706	-	-	-	-	-	-	5,722	7,706
Other revenue	74,864	96,117	-	-	-	-	-	-	74,864	96,117
Total Revenue	516,133	1,640,123	11,870	10,452	-	-	-	-	528,003	1,650,575
Gains										
Reversal of previous asset write-downs	258,502	294,866	-	-	-	-	-	-	258,502	294,866
Other gains	70,218	37,271	-	-	-	-	-	-	70,218	37,271
Total gains	328,720	332,137	-	-	-	-	-	-	328,720	332,137
Total own-source income	844,853	1,972,260	11,870	10,452	-	-	-	-	856,723	1,982,712

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

8.3: Reporting of Outcomes (continued)

	Outcome 1		Outcome 2		Outcome 3		Payments to corporate Commonwealth entities		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Administered Expenses										
Employee benefits	6,750,415	5,828,627	-	-	-	-	-	-	6,750,415	5,828,627
Subsidies	104,569	98,363	-	-	-	-	-	-	104,569	98,363
Write-down and impairment of assets	72	11	-	-	-	-	-	-	72	11
Total	6,855,056	5,927,001	-	-	-	-	-	-	6,855,056	5,927,001
Administered Income:										
Fees and fines	15,094	14,297	-	-	-	-	-	-	15,094	14,297
Interest	(42)	-	-	-	-	-	26,521	28,610	26,479	28,610
Dividends	62,719	54,637	-	-	-	-	-	-	62,719	54,637
Military superannuation contributions	1,522,810	1,285,809	-	-	-	-	-	-	1,522,810	1,285,809
Other revenue	46,643	46,140	-	-	-	-	-	-	46,643	46,140
Foreign exchange gains	148	798	-	-	-	-	-	-	148	798
Total	1,647,372	1,401,681	-	-	-	-	26,521	28,610	1,673,893	1,430,291
Net cost/(contribution) of outcome delivery	(5,207,684)	(4,525,320)	-	-	-	-	26,521	28,610	(5,181,163)	(4,496,710)

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

8.3: Reporting of Outcomes (continued)

	Outcome 1		Outcome 2		Outcome 3		Payments to corporate Commonwealth entities		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets:										
Cash and cash equivalents	43,590	39,062	4,007	5,088	-	-	-	-	47,597	44,150
Trade and other receivables	1,362,638	951,962	44,284	46,309	7	7	-	-	1,406,929	998,278
Land and buildings	17,641,072	17,654,513	-	-	-	-	-	-	17,641,072	17,654,513
Specialist military equipment	56,217,433	42,651,237	-	-	-	-	-	-	56,217,433	42,651,237
Infrastructure	5,630,439	5,571,994	-	-	-	-	-	-	5,630,439	5,571,994
Plant and equipment	2,111,345	1,780,646	-	-	-	-	-	-	2,111,345	1,780,646
Heritage and cultural assets	623,102	1,006,948	-	-	-	-	-	-	623,102	1,006,948
Intangibles	794,125	818,330	29	-	1	-	-	-	794,155	818,330
Inventories	6,729,988	6,463,531	-	-	-	-	-	-	6,729,988	6,463,531
Prepayments	2,874,690	1,384,462	-	-	-	-	-	-	2,874,690	1,384,462
Assets held for sale	63,538	37,684	-	-	-	-	-	-	63,538	37,684
Total assets	94,091,960	78,360,369	48,320	51,397	8	7	-	-	94,140,288	78,411,773
Liabilities:										
Suppliers	2,532,794	1,143,180	7,014	21,509	73	111	-	-	2,539,881	1,164,800
Personal benefits	27,776	301,331	-	2,773	-	-	-	-	27,776	304,104
Other payables	224,118	173,312	1,005	3	-	-	-	-	225,123	173,315
Leases	1,534,423	1,440,999	-	-	-	-	-	-	1,534,423	1,440,999
Employee provisions	2,705,095	2,358,927	-	-	-	-	-	-	2,705,095	2,358,927
Restoration, decontamination and decommissioning	1,286,184	1,001,192	-	-	-	-	-	-	1,286,184	1,001,192
Other provisions	29,193	290	-	-	-	-	-	-	29,193	290
Total Liabilities	8,339,583	6,419,231	8,019	24,285	73	111	-	-	8,347,675	6,443,627
Administered Assets:										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	78,864	74,344	-	-	-	-	509,580	509,580	588,444	583,924
Investments accounted for using the equity method	2,563,763	2,488,389	-	-	-	-	-	-	2,563,763	2,488,389
Prepayments	203,121	173,539	-	-	-	-	-	-	203,121	173,539
Total Administered Assets	2,845,748	2,736,272	-	-	-	-	509,580	509,580	3,355,328	3,245,852
Administered Liabilities:										
Other payables	8,262	5,502	-	-	-	-	-	-	8,262	5,502
Employee provisions	124,727,700	94,101,400	-	-	-	-	-	-	124,727,700	94,101,400
Total Administered Liabilities	124,735,962	94,106,902	-	-	-	-	-	-	124,735,962	94,106,902

8.3: Reporting of Outcomes (continued)

1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Outcome 1 Resourcing Table, Outcome 2 Resourcing Table and Outcome 3 Resourcing Table of this Annual Report.
2. Payments to/from corporate Commonwealth entities are not related to outcomes. They are included here so the total can agree to the resourcing table.
3. This table includes income from activities subject to competitive neutrality.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2016

8.4: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. The Department of Finance provided information to all agencies in 2011 regarding the need for risk assessments in relation to compliance with statutory conditions on payments from special appropriations, including special accounts. Defence reported the possibility of this being an issue for the agency in Note 29 Appropriations Table C to the 2010-11 financial statements and undertook to investigate the issue during 2011-12.

As a result of that investigation, legislation was amended by the *Financial Framework Legislation Amendment Act (No. 2) 2012* (FFLA Act No. 2) with effect from 1 July 2012. The amendments ensured that all benefits paid under certain Acts with a special appropriation would not be subject to Section 83 breaches in the future. That is, the FFLA Act No. 2 amended the *Defence Forces Retirement Benefits Act 1948*, *Defence Forces Retirement and Death Benefits Act 1973*, *Military Superannuation and Benefits Act 1991* and *Military Superannuation and Benefits Act 1991 - Retention Benefits* to ensure that overpayments that may be made would be covered by the appropriation provided by those Acts.

Legislation to address the same issue for the *Defence Force (Home Loans Assistance) Act 1990* and the *Defence Home Ownership Assistance Scheme Act 2008* is currently being finalised. Until legislation is passed by Parliament, Defence will continue to report on potential section 83 breaches for those schemes.

The following table shows the legislation, risk assessment, remedial action and number of potential breaches for the two remaining statutory schemes that still require legislation to address potential Section 83 breaches.

Legislation / Authority to pay ¹	Risk assessment progress as at 30 June 2016 ²	Remedial action taken or proposed ³	Potential Breaches ⁴		
			No.	Value \$'000	Recovered \$'000
<i>Defence Force (Home Loans Assistance) Act 1990</i>	Completed	LP	4	1	1
<i>Defence Home Ownership Assistance Scheme Act 2008</i>	Completed	LP,SM	319	286	234

¹ Legislation

Amounts paid under each legislation are disclosed in Note 5.1C Special Appropriations and Note 5.2 Special Accounts.

² Risk assessment

Defence has undertaken an assessment of the inherent level of risk of a breach. Legislation marked as "Completed" has undergone internal assessment by business area.

³ Remedial action taken or proposed

L=legislative change; S=systems change; P=planned; M=made

⁴ Potential breaches

The work conducted in 2015-16 has identified that a potential issue still exists for the two Defence home loans schemes which will be addressed by legislation at a Parliamentary sitting. Amounts reported have been derived by analysing data on recovery of overpayments and other identified risk areas for 2015-16. Business processes are in place to ensure that identified overpayments are recovered. The numbers and amounts represent the overpayments made during 2015-16.

© Commonwealth of Australia 2016

ISSN 1323-5036 (print)

ISSN 2203-0050 (online)

Volume Two: Audited financial statements

ISBN 978-0-9944235-9-7 (print)

ISBN 978-0-9946046-1-3 (online)



With the exception of the Commonwealth Coat of Arms and where otherwise noted (including photographs protected by copyright), material presented in this document is provided under a Creative Commons Attribution 3.0 Australia licence. Details of the relevant licence conditions are available on the Creative Commons website (<http://creativecommons.org.au>), as is the full legal code for the CC BY 3.0 AU licence.

The terms under which the Coat of Arms can be used are detailed on the *It's an Honour* website (www.dpmc.gov.au/government/its-honour).

Apart from any use as permitted under the *Copyright Act 1968*, no image may be reproduced by any process without prior written permission from the Department of Defence.

The report should be attributed as the *Defence Annual Report 2015–16*.

Internet

The Department of Defence website www.defence.gov.au provides a comprehensive resource on matters of military security, capability and people issues.

An electronic version of this report, and supplementary content to this report that includes additional detailed information, can be accessed at www.defence.gov.au/annualreports/15-16.

Contact

Feedback about this report is welcome and should be directed to:

Assistant Secretary Enterprise Governance
Department of Defence
Russell Offices R2-1-C066
Canberra ACT 2600
Telephone: (02) 6265 1132

Acknowledgements

This report was developed by the Governance and Reform Division, with input and assistance from staff throughout Defence.

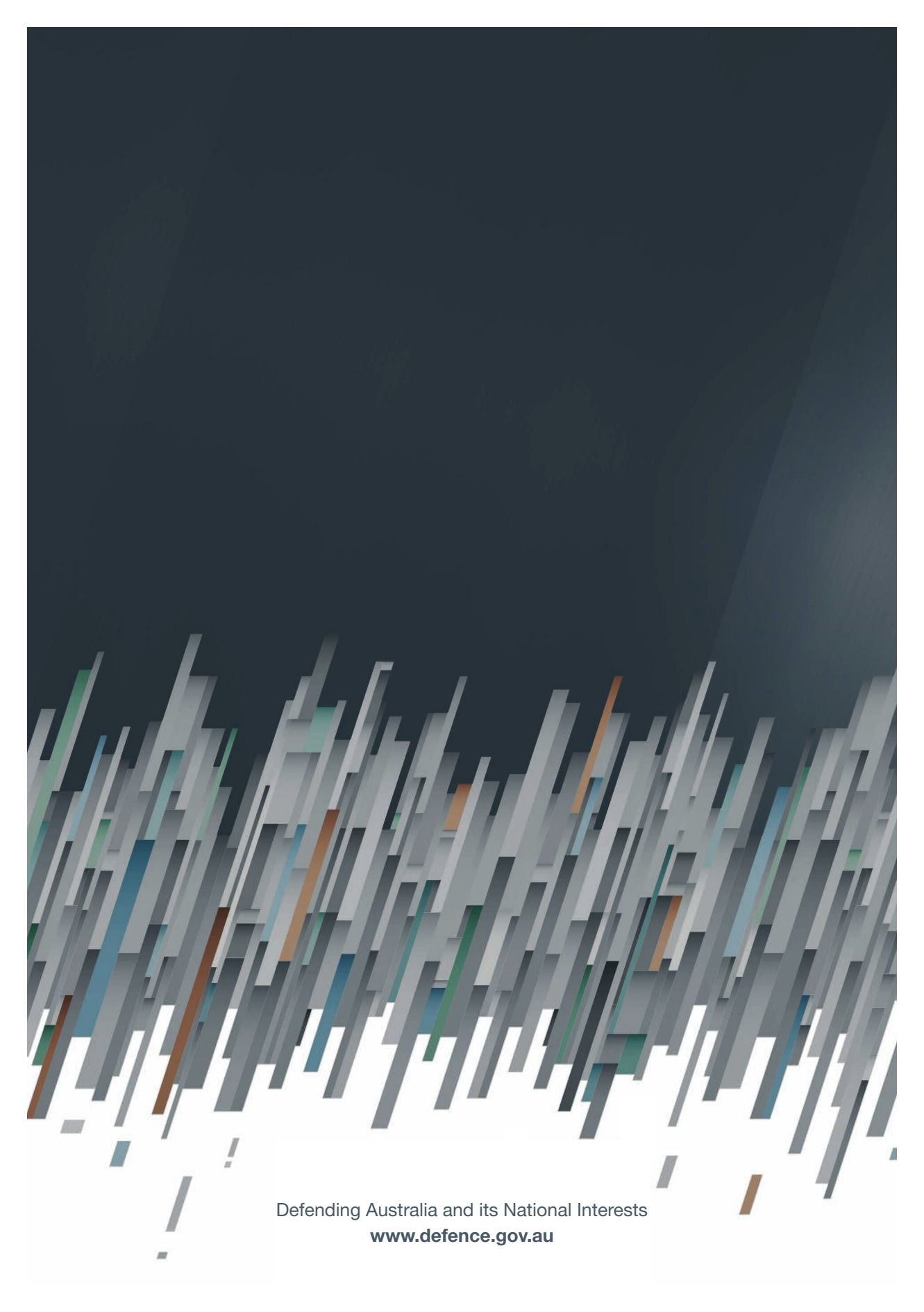
Editorial consultant: Wilton Hanford Hanover

Concept and design: Defence Publishing Service (DPS: JUN041-16)

Photographs: All photographs are from the Australian Defence Image Library,
<http://images.defence.gov.au/fotoweb>.

Cover art: CRE8IVE

Printing: CanPrint



Defending Australia and its National Interests
www.defence.gov.au

Women in the ADF Report

2015–16



Defence People Group, Department of Defence, Australia 2016.

Cover photos are a composite of the following –

1. Royal Australian Navy seaman Star Marine Technician Kirstie Dunleavy at the Technical Training Faculty of HMAS Cerberus, Victoria.

Photo by LSIS Dove Smithett, HMAS Cerberus.

2. Australian Army officer trainee Staff Cadet Emma Randall from Royal Military College at Duntroon during the graduation parade in Canberra on Tuesday, 28 June 2016.

Photo by Grace Costa, Royal Military College, Duntroon.

3. Leading Aircraftwoman Cheyenne Patena-Edmonds from the Royal Australian Air Force rehearses with the Australian Defence Force contingent at Camp Militaire de Satory on 9 July 2016 in preparation for the French National Day Parade in Paris later in the month.

Photo by SGT Janine Sabre, Army Headquarters, Russell Offices.

Source: Australian Defence Image Library

Women in the ADF	4
Chapter 1: Attraction and Recruitment.....	5
Increasing the participation of Women in the ADF – Female Recruitment Targets	5
Recruitment of Women – Female Recruiting Achievement against targets.....	9
Recruitment of women initiatives	17
Average time taken to progress through the recruitment process	21
Conversion Rates – Measuring Success in the Recruiting Process	24
Satisfaction with the recruitment process	26
Chapter 2: Learning, Training, Education and Development.....	27
Training completion rates (Service Ab-Initio and Recruit Training).....	27
Education	35
Other Service education programs	36
Career breaks.....	38
Chapter 3: Performance, Talent and Career Management	43
ADF promotions	44
Promotional Gateway Courses and Leadership Development	48
Representation of Women on Promotion Boards	55
Mentoring, networking and sponsorship	57
Career management and satisfaction.....	62
Valuing our members – Honours & Awards.....	63
Key representational appointments	65
Women in Leadership - addressing cultural barriers to women reaching senior leadership positions in the ADF	68
Chapter 4: Retention	71
Separation rates	71
Reasons for Leaving the ADF	74
Time in Service (median).....	74
The ADF Total Workforce Model – Improving retention in the ADF.....	76
Chapter 5: Personnel Support and Policy	78
Maternity and Parental Leave.....	79
Retention of women and men following maternity and parental leave.....	82
Access to quality childcare	88
Gender pay audit.....	92
Women's experience	96
Chapter 6: Workforce Management	102
Women's participation	104
Occupational Segregation	109
Transfers between occupational groups.....	113
Reduction/Reversion in Rank	117
Access to flexible work arrangements	117
Formalised flexible work arrangements	120
Representation of women on Defence senior decision-making committees.....	135
Recognised relationships	137
Chapter 7: Transition and Re-engagement	141
Transition to the Reserves.....	141
Conclusion	144
The Key Performance Indicators - Assessment of progress	145
Figures	146
Tables	147

Women in the ADF

In March 2012, Defence leadership set out a unified statement of cultural intent and supporting strategy in Pathway to Change. Informed by reviews such as the Sex Discrimination Commissioner's Reviews into the treatment of women in the Australian Defence Force, Pathway to Change reflected an acknowledgement that gender inequity is not only a moral issue, but one that impedes organisational capability by not maximising the potential of female ADF members, and the potential of half of the Australian labour force.

The Chief of the Defence Force and the Chiefs of Service continue to deliver strong messages throughout the organisation that diversity and inclusion increase Defence's capability and are vital to achieve Defence's aim of being a force that is trusted to defend, proven to deliver, and respectful always.

Defence has progressed a number of initiatives to increase the participation and advancement of women in the ADF. An important guide to Defence's initiatives has been the recommendations in the Review into the treatment of women in the ADF Phase 2. The Review's Phase 2 report recommendations 3, 6, 9 and 13 identified that the publication of a 'Women in the ADF report', covering aspects of women's participation, women's experience and flexible work access would provide Defence, the Government, and the Australian public with a measure of the success of Defence's efforts; identify areas for remediation; and reinforce Defence's commitment to diversity and inclusion.

The inaugural Women in the ADF report was published as an online supplement to the Defence Annual Report 2012–13, and provided a baseline for future reporting regarding women's participation and experiences in the ADF. The 2013–14 and 2014–15 reports were then able to report progress against that of the previous year.

This year's report introduces a revised reporting framework and a new suite of gender diversity metrics and gender inclusion key performance indicators which were approved by the Chiefs of Service Committee in 2016. The new reporting framework seeks to ensure Defence focuses effort and measures success in gender diversity and inclusion across all stages of the employment life-cycle including attraction and recruitment; learning, training, education and development; performance, talent and career management; retention; personnel support and policy; workforce management and transition and re-engagement. Key Performance Indicators (KPIs) are incorporated into the success statements of metrics with a summary of performance against the KPIs shown at the end of the report (Attachment A).

Chapter 1: Attraction and Recruitment

We will know we have reached success in gender diversity and inclusion in Attraction and Recruitment when:

- The number of women recruited is at or above the number required to meet each Service's 2023 female participation targets. (KPI 1 and KPI 6)
- Women remain in the recruiting pathways at rates comparable to men. (KPI 8)
- Women's satisfaction with the recruitment process is comparable to that of men. (KPI 1)

Defence is committed to the development of strategies to attract and recruit people from a broader cross section of the Australian population, in particular in less well represented sections such as women. Defence Senior Leaders are focused on improving workforce diversity and have widely acknowledged the benefits of doing so, including the positive contribution diverse thinking has on the provision of robust advice to Government, policy-making and performance outcomes¹.

Each of the three Services has set female participation targets to be achieved by the year 2023. Central to achieving these targets are ongoing improvements in the successful attraction and recruitment of women, including the retention of women in the recruitment pathways at rates comparable to that of men. In support of efforts to increase the representation of women within the ADF, the Services set female recruiting targets on an annual basis.

This section provides an overview of female recruiting targets for 2015-16, including progress against these targets. ADF enlistment information is analysed and an overview of women's recruiting initiatives within in each of the Services is provided. Finally, women's retention and average length of time in the recruiting pipeline is examined, as is their satisfaction with the recruitment process.

Increasing the participation of Women in the ADF – Female Recruitment Targets

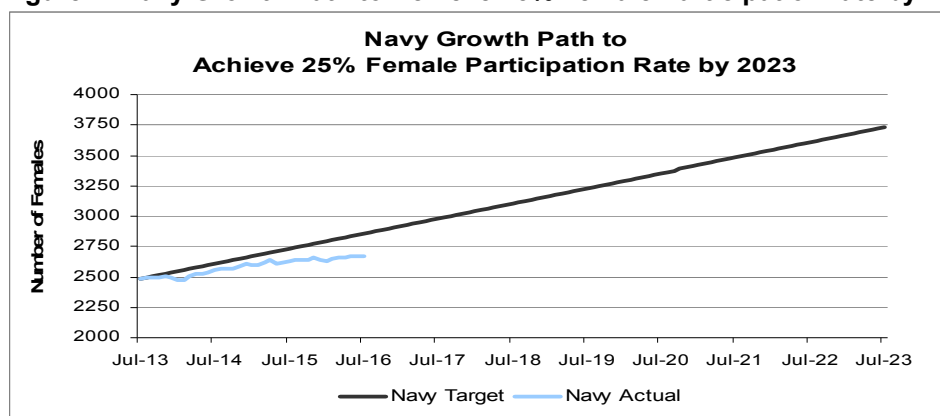
Navy

At 30 June 2016 female participation in the Navy is 19.1 per cent, an increase from 18.5 per cent as at 30 June 2012². This represents a net increase of 146 women in the Navy today. The Chiefs of Service Committee has set a target for increasing the participation of women in Navy to 25 per cent by 2023.

¹ Defence Corporate Plan 2015-16.

² Defence Annual Report, 2011-12 (Appendix 5), p 286.

Figure 1: Navy Growth Path to Achieve 25% Female Participation rate by 2023



Examination of the participation growth path at Figure 1 required in order for Navy to achieve its 2023 female participation target shows that while the number of females in Navy is increasing, female participation levels are tracking at a slightly lower rate than that required to achieve the 2023 goal (figure 1 refers). Continued focus on both retention of current serving women as well as attracting women to a career in the Navy will be required in order for Navy to continue to progress towards its 2023 goal.

Navy continues to consolidate and improve gender diversity through recruitment. Navy sets annual female recruiting targets for both its Officer and General Entry workforce. Navy has established goals for female sailor recruitment in each workgroup that vary according to current female participation levels. Workgroups with less than 15 per cent female participation have a 25 per cent female participation goal; between 15 and 30 per cent female participation have a 30 per cent goal; and greater than 30 per cent participation have a minimum female participation goal of 30 per cent. Recruiting goals have not been set for specific Officer roles, however females are considered 'high value targets' and are selected on merit.

Navy has recruited 32 *ab initio* female Officers and 218 female sailors in 2015-16. Navy's female engineer Officer workforce (8.5 per cent) compares favourably to the national average of women in the professional engineer workforce³ (12 per cent); the current rate of female Officers studying engineering degrees will narrow this margin to less than two per cent. Further work is required in General Entry-Technician workgroups; specifically engineering, where the rate of achievement for female Marine Technicians (MT) is 6.8 per cent, and Electronics Technician (ET) is 7.9 per cent. The recruitment of female Marine Technicians is a key priority for Navy. Social media engagement and media campaigns including direct email contact for passive female trade enquiries (or where no preference is indicated) are underway. A new Navy brand recruitment campaign is to be launched in July 2016. This campaign aims to boost overall Navy enquiries, and aligns with the ADF female recruiting campaign, with all recruiting materials reviewed to ensure diversity balance. The results of this campaign will be reflected in the 2016-17 Women in the ADF Report.

Achievement against Navy's female recruiting targets is reported in Table 1 later in the chapter with overall enlistment information by gender provided in Tables 2 to 4.

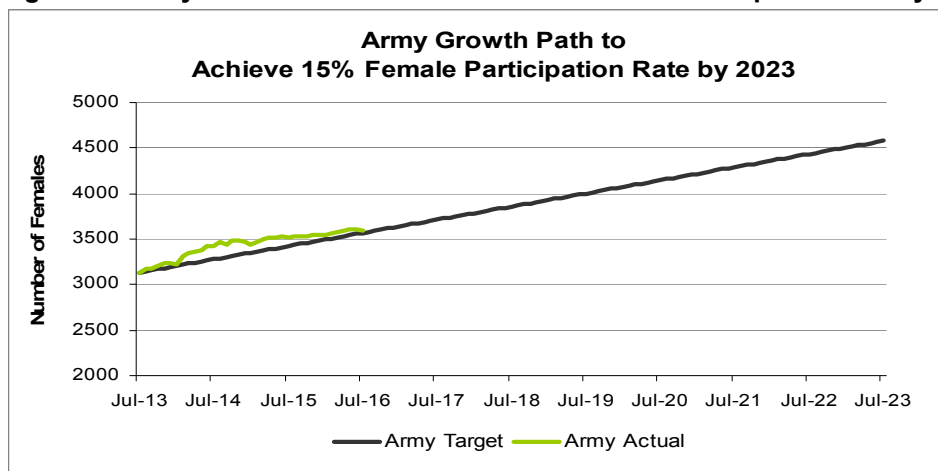
³ Engineers Australia: The state of the Engineering Profession 2016.

Navy's suite of recruiting initiatives that are in place to increase the participation of women are also outlined later in the chapter. Discussion on female participation in Navy including by rank is reported in the Workforce Management section of this Report.

Army

Army has made progress in growing female participation. Female representation in Army has increased from 10.1 per cent as at 30 June 2012⁴ to 12.1 per cent as at 30 June 2016. This represents a net increase of 676 women in the Army today. The Chiefs of Service Committee has set Army a long-term target for increasing the participation of women to 15 per cent by 2023, with Chief of Army setting a further long-term target of reaching 25 per cent female participation in Army.

Figure 2: Army Growth Path to Achieve 15% Female Participation rate by 2023



Examination of the growth path required in order for Army to achieve its goal of 15 per cent female participation by 2023 shows that Army is currently on track to achieve this growth path, however work is still required to ensure this goal is met (figure 2 refers). While Army has experienced significant success to date in increasing female representation, Army's progress towards its long term 25 per cent female participation target has slowed in 2016 due to lower than expected number of female enlistments. Continued focus on innovative approaches to both attracting and retaining women will be important to ensuring Army remains on track for meeting its goal.

To achieve this outcome, the Army has adjusted the number of female recruiting targets for 2016-17 to 2,000 (inclusive of 1400 Regular and 600 Reserve personnel). The Army will also continue to assess, review and update extant recruiting initiatives with a view to ensuring Army reaches the target set by the Chiefs of Service. The Army embedded 10 specialist female recruiters at Defence Force Recruiting in 2013 and these positions have been extended until 2025.

Other strategies aimed at improving female enlistments as well as retention in Army include the appointment of a Colonel to develop and implement innovative measures to achieve recruitment targets and improve retention of women within Army. Further, an enhanced Army Pre-Conditioning Program to enable women who narrowly miss the entry

⁴ Defence Annual Report, 2011-12 (Appendix 5), p 286.

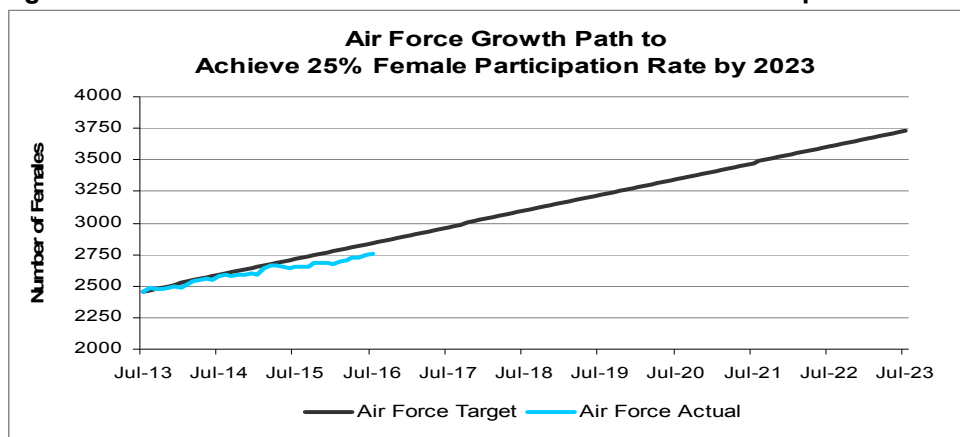
physical standard has been implemented to assist women to succeed in Army recruit training. Army will continue to offer special measure recruitment mechanisms to meet future recruitment targets.

Achievement against Army's female recruiting targets is reported in Table 1 later in the chapter with overall enlistment information by gender provided in Tables 2 to 4. Army's range of recruiting initiatives that are in place to increase the participation of women are also outlined later in the chapter. Discussion on female participation in Army including by rank is reported in the Workforce Management section of this Report.

Air Force

Female representation in Air Force has increased from 16.9 per cent as at 30 June 2012⁵ to 19.2 per cent as at 30 June 2016. This represents a net increase of 344 women in the Air Force today. The Chiefs of Service Committee has set Air Force a long-term target for increasing the participation of women to 25 per cent by 2023.

Figure 3: Air Force Growth Path to Achieve 25% Female Participation rate by 2023



Examination of the growth path required for Air Force to achieve this goal of 25 per cent female participation shows that while the number of females in Air Force continued to increase, female participation levels in Air Force are currently tracking slightly under what is required to meet its 2023 target (figure 3 refers). Continued focus on innovative approaches to both attracting and retaining women will be important to ensuring Air Force remains on track to meeting its goal.

To achieve its 2023 target, Air Force developed a non-linear growth path for the number of women to be recruited. This path consists of planned growth of no more than 0.5 per cent (net increase of 70 women each year) for the first two years commencing 2013–14, followed by an increase of 1 per cent annually commencing 2015–16.

In support of this growth path Air Force has implemented, or is in the process of implementing, a number of recruitment and retention initiatives such as:

- specific female recruiting targets
- a Women in the Air Force marketing campaign

⁵ Defence Annual Report, 2011-12 (Appendix 5), p 286.

- continuation of embedded specialist women recruitment team in Defence Force Recruiting
- the trial of a reduction of Initial Minimum Period of Service (IMPS) for a number of workforces (gender-neutral reductions)
- introduction of the Graduate Pilot Scheme (GPS) for women
- changes to direct entry female pilot return of service obligations
- continuation of experiential camps for girls (technical and aircrew focussed programs)
- Chief of Air Force flying scholarship administered through Australian Women Pilots Association
- release of an Air Force produced recruitment guide, 'PropElle', to support female pilot candidates through the recruitment process
- continued focus on assisting to manage high priority candidates through the recruiting process.

Achievement against Air Force's female recruiting targets is reported in Table 1 later in the chapter with overall enlistment information by gender provided in Tables 2 to 4. Air Force's suite of recruiting initiatives that are in place to increase the participation of women are also outlined later in the chapter. Discussion on female participation in Air Force including by rank is reported in the Workforce Management section of this Report.

Progress towards success

The number of females in each Service has increased between 2012 and 2016. The three Services will require a sustained effort in their ongoing recruitment and retention initiatives already in place and the innovative initiatives in planning to increase the participation of women over time.

Recruitment of Women – Female Recruiting Achievement against targets

In support of efforts to increase the participation of women in the ADF, each of the Services set an annual female recruiting target. Navy sets an overall female Officer target and a female General Entry target that is distributed according to the desired level of female representation within each role. Army sets overall Officer Entry and General Entry female recruiting targets, while Air Force set targets for specific roles in which females are less well represented (going forward Air Force will set an overall female target in addition to these specific targets).

Achievement of a target occurs when a member has progressed through the recruiting process to the point at which they have been approved to be enlisted as a General Entrant or to be appointed as an Officer. It does not necessarily reflect the number of people who go on to become a member of the ADF and attend training⁶. Table 1 provides a summary of achievement against full-time female targets for each of the Services.

⁶ These figures are represented in the enlistment section of this Report.

Table 1: Full Time Female Recruiting Achievement against targets, 2015-16 ^{[1][2][3][4][5]}

Female data against Target		2015-16			2014-15			Difference		
		2015-16 Female Target	2015-16 Female Achieved	2015-16 % Target Achievement	2014-15 Female Target	2014-15 Female Achieved	2014-15 % Target Achievement	2015-16 Target Difference	2015-16 Achieved Difference	2015-16 Achievement Difference (%)
Navy	FT OE	50	32	64.0%	40	34	85.0%	10 More	2 Less	-21.0%
	FT GE	266	218	82.0%	298	247	82.9%	32 Less	29 Less	-0.9%
	Navy Total	316	250	79.1%	338	281	83.1%	22 Less	31 Less	-4.0%
Army	FT OE	132	75	56.8%	132	80	60.6%	None	5 Less	-3.8%
	FT GE	558	322	57.7%	618	378	61.2%	60 Less	56 Less	-3.5%
	Army Total	690	397	57.5%	750	458	61.1%	60 Less	61 Less	-3.6%
Air Force	FT OE	52	32	61.5%	55	36	65.5%	3 Less	4 Less	-4.0%
	FT GE	80	62	77.5%	71	57	80.3%	9 More	5 More	-2.8%
	RAAF Total	132	94	71.2%	126	93	73.8%	6 More	1 More	-2.6%
ADF	FT OE	234	139	59.4%	227	150	66.1%	7 More	11 Less	-6.7%
	FT GE	904	602	66.6%	987	682	69.1%	83 Less	80 Less	-2.5%
	ADF Total	1138	741	65.1%	1214	832	68.5%	76 Less	91 Less	-3.4%

Source: Defence Force Recruiting

Notes:

- 1) Figures relate to Full Time (Permanent ADF) only.
- 2) Navy Achievement is for all Female candidates achieved regardless of role (excluding Gap Year).
- 3) Army Achievement is for all Female candidates achieved regardless of role (excluding Gap Year).
- 4) Air Force Achievement is only against specific roles. Female candidates achieved outside these roles are not represented in the above data (excluding Gap Year).
- 5) Difference refers to the change in results between 2014-15 and 2015-16.

As can be seen, there has been a decrease in overall female targets in 2015-16, from 338 to 316 female targets in Navy and 750 to 690 female targets in Army. Air Force female targets increased slightly from 126 to 132.

Defence Force Recruiting met 79.1 per cent of Navy's female recruiting target in 2015-16, with higher levels of achievement for General Entry roles (82%) than Officer (64%). While overall target achievement declined slightly on 2014-15 figures, this was largely a reflection of an increase in female targets (most notably Officer Entry targets) as opposed to a significant decline in the number of females recruited.

Defence Force Recruiting met 57.5 per cent of Army's female recruiting target in 2015-16, with slightly higher levels of achievement for General Entry roles (57.7 per cent) than Officer Entry roles (56.8 per cent). Compared to 2014-15, overall female target achievement declined slightly in Army (by 3.5 per cent) with similar decreases for both Officer and General Entry roles.

Defence Force Recruiting met 71.2 per cent of Air Force's female recruiting target in 2015-16, with a higher rate of achievement for General Entry (77.5 per cent) than Officer Entry roles (61.5 per cent). While overall target achievement declined slightly on 2014-15 figures, this was largely due to an increase in female General Entry targets combined with a small reduction in female Officer entrants, as opposed to a decline in the overall number of females recruited (which actually increased by one female).

Table 2: Gap Year (GY) female recruiting achievement FY 2015-16 ^{[1][2]}

Female Gap Year data against Target		2015-16		2014-15	
		Overall Target	% Female Achievement	Overall Target	% Female Achievement
Navy	Navy Total	75	52.0%	0	
Army	Army Total	250	24.0%	200	15.0%
Air Force	RAAF Total	120	47.5%	60	28.3%
ADF	ADF Total	445	35.1%	260	18.1%

Source: Defence Force Recruiting

Notes:

1. There was no Gap Year for Navy in FY2014-15
2. Army was the only Service with a female Gap Year target for FY 2015-16 which was allocated by DFR as 60

The Gap Year programme aims to offer young Australians the opportunity to undertake a positive military experience within a year. As can be seen all three Services have achieved good results with the proportion of female recruits undertaking the Gap Year programme. Over 50 per cent of Navy Gap Year entrants were female, Air Force had similar results with 47.5 per cent female entrants. Army achieved their target of 60 females resulting in a 24 per cent female ratio.

ADF enlistments

Table 3 to Table 5 show the numbers and proportions of women enlisted into the ADF permanent force in 2015–16 by Service, rank group and mode of entry. Enlistments in this section refer to appointments, which relate to Officers, as well as Other Ranks enlistments.

Table 3: ADF permanent force enlistments (all modes of entry), by gender and rank group, 2015–16^{[1][2][3][4]}

2015-16	Navy					Army					Air Force					ADF				
	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%
Officers Entry	36	19.5%	-2.2%	149	80.5%	83	22.0%	-1.5%	295	78.0%	82	32.3%	-1.3%	172	67.7%	201	24.6%	-1.5%	616	75.4%
Total Officers Entry	36	19.5%	-2.2%	149	80.5%	83	22.0%	-1.5%	295	78.0%	82	32.3%	-1.3%	172	67.7%	201	24.6%	-1.5%	616	75.4%
Other Ranks (General Entry)																				
General Entry - Technical	29	7.2%	-2.8%	373	92.8%	18	4.9%	0.8%	352	95.1%	33	15.6%	3.2%	179	84.4%	80	8.1%	-0.7%	904	91.9%
General Entry - Non-Technical	206	36.4%	0.9%	360	63.6%	361	13.4%	-0.8%	2,335	86.6%	132	35.2%	2.9%	243	64.8%	699	19.2%	-0.1%	2,938	80.8%
Total Other Ranks (General Entry)	235	24.3%	0.0%	733	75.7%	379	12.4%	-0.7%	2,687	87.6%	165	28.1%	5.1%	422	71.9%	779	16.9%	-0.1%	3,842	83.1%
Total ADF Permanent	271	23.5%	-0.4%	882	76.5%	462	13.4%	-1.0%	2,982	86.6%	247	29.4%	3.0%	594	70.6%	980	18.0%	-0.4%	4,458	82.0%

Source: Defence HR system.

Notes

- Figures in this table show permanent force members (headcount) enlisted from all sources. This includes *ab initio* enlistments and prior service enlistments (which includes overseas transfers, reserve transfers, Service transfers, re-enlistments, and ADF Gap Year transfers).
- Delta (Δ) figures show the differences in percentage of women from 30 June 2016 to 30 June 2015.
- Cells highlighted in green indicate that the 2015–16 percentage of women was at least 5.0 per cent greater than the 2014–15 percentage of women.
- Percentages may not sum due to rounding.

Table 4: ADF permanent force *ab initio* enlistments, by gender and rank group, 2015–16^{[1][2][3][4]}

2015-16	Navy					Army					Air Force					ADF				
	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%
Officers Entry	31	20.5%	-3.2%	120	79.5%	75	24.2%	1.3%	235	75.8%	70	33.0%	-2.3%	142	67.0%	176	26.2%	-0.8%	497	73.8%
Total Officers Entry	31	20.5%	-3.2%	120	79.5%	75	24.2%	1.3%	235	75.8%	70	33.0%	-2.3%	142	67.0%	176	26.2%	-0.8%	497	73.8%
Other Ranks (General Entry)																				
General Entry - Technical	28	7.6%	-3.1%	340	92.4%	14	4.3%	-0.1%	315	95.7%	31	15.7%	2.4%	166	84.3%	73	8.2%	-1.4%	821	91.8%
General Entry - Non-Technical	201	37.7%	1.0%	332	62.3%	311	13.7%	-1.0%	1,964	86.3%	121	38.7%	4.9%	192	61.3%	633	20.3%	0.2%	2,488	79.7%
Total Other Ranks (General Entry)	229	25.4%	0.2%	672	74.6%	325	12.5%	-1.1%	2,279	87.5%	152	29.8%	6.0%	358	70.2%	706	17.6%	0.0%	3,309	82.4%
Total	260	24.7%	-0.3%	792	75.3%	400	13.7%	-0.9%	2,514	86.3%	222	30.7%	3.5%	500	69.3%	882	18.8%	-0.1%	3,806	81.2%

Source: Defence HR system.

Notes

- Figures in this table show permanent force *ab initio* enlistments (headcount).
- Delta (Δ) figures show the difference in percentage of women from 30 June 2016 to 30 June 2015.
- Cells highlighted in green indicate that the 2015–16 percentage of women was at least 5.0 per cent greater than the 2014–15 percentage of women.
- Percentages may not sum due to rounding.

Table 5: ADF Gap Year, by gender, 2015-16 ^{[1][2][3][4]}

2015-16 Gap Year	Navy					Army					Air Force					ADF				
	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%
	39	50.0%	-	39	50.0%	60	24.0%	9.0%	190	76.0%	57	48.7%	22.1%	60	51.3%	156	35.1%	17.4%	289	64.9%

Source: Defence HR system.

Notes

1. Figures in this table show ADF Gap year enlistments
2. Delta (Δ) figures show the difference in percentage of women from 30 June 2016 to 30 June 2015.
3. Cells highlighted in green indicate that the 2015–16 percentage of women was at least 5.0 per cent greater than the 2014–15 percentage of women.
4. Percentages may not sum due to rounding
5. Navy had no Gap Year program in 2014-15.

Figure 4: Percentage of female ADF permanent force enlistments, by type and Service, 2015–16

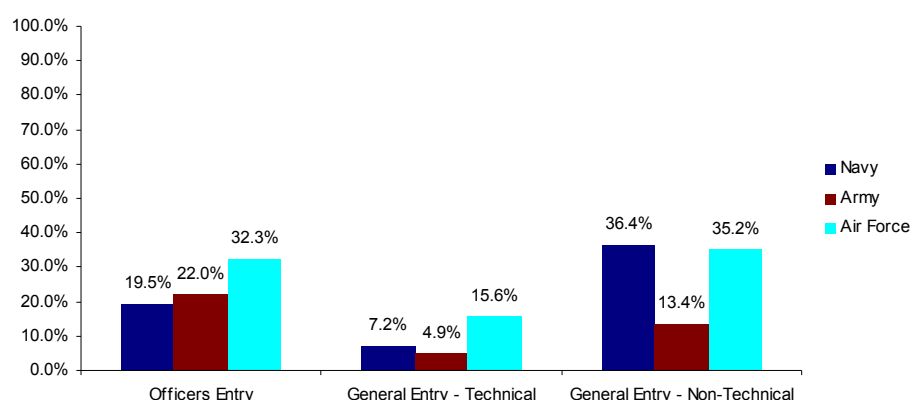


Figure 4 shows the proportion of female permanent force enlistments who have been appointed as Officers, and who have enlisted through General Entry for either Technical or Non-Technical roles. Technical roles for General Entry enlistees are the most challenging in recruiting women for all Services. For the Navy, General Entry for Non-Technical enlistments have a higher proportion of women than officer appointments; however, the opposite is true for the Army, where the proportion of women appointed as Officers is higher than for Non-Technical General Entry enlistments (this is likely due to previously restricted employment categories).

The proportion of women appointed as Officers in 2015-16 has slightly decreased for all three Services from 2014-15 as has the proportion of females enlisted as Navy General Entry-Technical. There have been increases for both General Entry—Technical and Non-Technical enlistees for Air Force, with an overall increase in General Entry enlistees of 5.1 per cent since 2014-15.

Figure 5: Percentage of female ADF permanent force ab initio enlistments, by type and Service, 2015–16

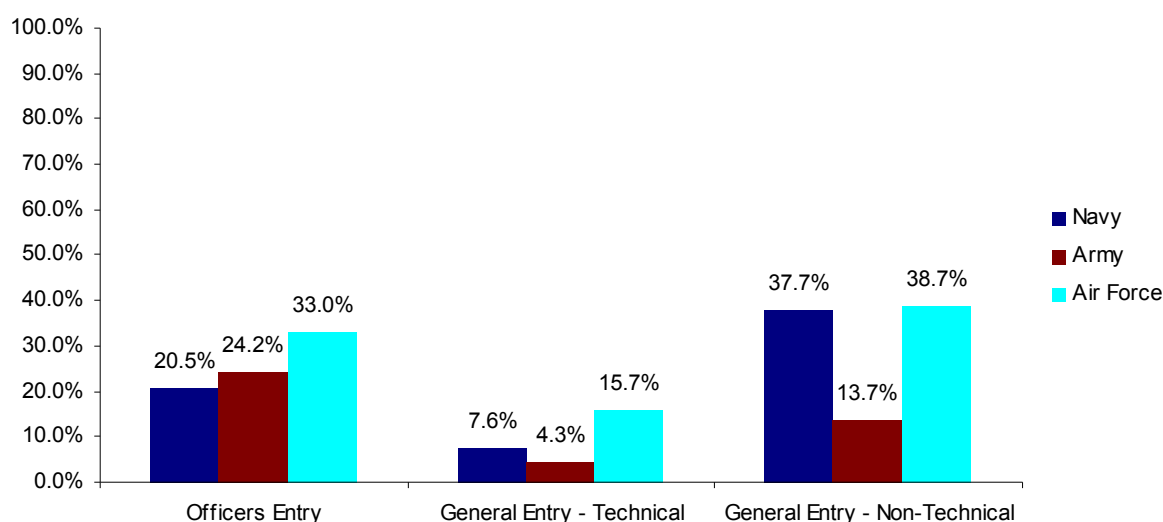


Figure 5 shows the proportion of female General Entry *ab initio* enlistments by type of enlistment for each Service. This includes recruits who have not had prior military service. *Ab initio* enlistments make up most of the total enlistments (4,688 out of 5,438), so the

proportions of female *ab initio* enlistments are very similar to the proportions seen in the total enlistments.

There has been an increase of six per cent in the total female Other Ranks *ab initio* enlistments for Air Force since 2014-15. Compared with 2014–15, the proportion of *ab initio* women in the 2015–16 officer intake and among General Entry—Technical enlistees slightly decreased, and the proportion of women in the *ab initio* General Entry—Non-Technical intake increased marginally.

Table 6: ADF permanent force prior service enlistments by gender, mode of entry, and rank group, 2015–16^{[1][2][3][4][5]}

2015-16	Navy					Army					Air Force					ADF				
	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%
OVERSEAS ENTRANTS																				
Officers	0	0.0%	0.0%	1	100.0%	1	7.7%	2.9%	12	92.3%	1	50.0%	50.0%	1	50.0%	2	12.5%	9.5%	14	87.5%
Sub-total Officer Entry	0	0.0%	0.0%	1	100.0%	1	7.7%	2.9%	12	92.3%	1	50.0%	50.0%	1	50.0%	2	12.5%	9.5%	14	87.5%
Other Ranks																				
General Entry - Technical	0	0.0%	0.0%	3	100.0%	0	0.0%	0.0%	7	100.0%	0	-	0.0%	0	-	0	0.0%	0.0%	10	100.0%
General Entry - Non-Technical	0	-	0.0%	0	-	0	0.0%	0.0%	13	100.0%	0	-	0.0%	0	-	0	0.0%	-3.3%	13	100.0%
Sub-total Other Ranks (General Entry)	0	0.0%	-7.7%	3	100.0%	0	0.0%	0.0%	20	100.0%	0	-	0.0%	0	-	0	0.0%	-1.9%	23	100.0%
Total Overseas Entrants	0	0.0%	-4.2%	4	100.0%	1	3.0%	1.4%	32	97.0%	1	50.0%	50.0%	1	50.0%	2	5.1%	2.8%	37	94.9%
RESERVE TRANSFERS																				
Officers	3	15.0%	-18.3%	17	85.0%	6	14.6%	-24.4%	35	85.4%	7	33.3%	1.3%	14	66.7%	16	19.5%	-16.3%	66	80.5%
Sub-total Officer Entry	3	15.0%	-18.3%	17	85.0%	6	14.6%	-24.4%	35	85.4%	7	33.3%	1.3%	14	66.7%	16	19.5%	-16.3%	66	80.5%
Other Ranks																				
General Entry - Technical	1	6.7%	0.4%	14	93.3%	2	7.7%	3.1%	24	92.3%	0	0.0%	0.0%	1	100.0%	3	7.1%	2.4%	39	92.9%
General Entry - Non-Technical	2	15.4%	-26.3%	11	84.6%	29	11.3%	-1.9%	227	88.7%	2	15.4%	-9.6%	11	84.6%	33	11.7%	-3.7%	249	88.3%
Sub-total Other Ranks (General Entry)	3	10.7%	-10.7%	25	89.3%	31	11.0%	-1.5%	251	89.0%	2	14.3%	-5.7%	12	85.7%	36	11.1%	-2.7%	288	88.9%
Total Reserve transfers	6	12.5%	-13.1%	42	87.5%	37	11.5%	-4.8%	286	88.5%	9	25.7%	-1.0%	26	74.3%	52	12.8%	-5.8%	354	87.2%
SERVICE TRANSFERS																				
Officers	1	10.0%	10.0%	9	90.0%	1	14.3%	-5.7%	6	85.7%	3	23.1%	3.1%	10	76.9%	5	16.7%	2.4%	25	83.3%
Sub-total Officer Entry	1	10.0%	10.0%	9	90.0%	1	14.3%	-5.7%	6	85.7%	3	23.1%	3.1%	10	76.9%	5	16.7%	2.4%	25	83.3%
Other Ranks																				
General Entry - Technical	0	0.0%	0.0%	4	100.0%	2	100.0%	100.0%	0	0.0%	0	0.0%	0.0%	1	100.0%	2	28.6%	28.6%	5	71.4%
General Entry - Non-Technical	1	50.0%	40.0%	1	50.0%	0	0.0%	0.0%	6	100.0%	1	6.7%	-23.3%	14	93.3%	2	8.7%	-8.3%	21	91.3%
Sub-total Other Ranks (General Entry)	1	16.7%	9.0%	5	83.3%	2	25.0%	25.0%	6	75.0%	1	6.3%	-17.8%	15	93.8%	4	13.3%	-0.2%	26	86.7%
Total Service Transfers	2	12.5%	6.9%	14	87.5%	3	20.0%	7.0%	12	80.0%	4	13.8%	-9.1%	25	86.2%	9	15.0%	1.2%	51	85.0%
RE-ENLISTMENTS																				
Officers	1	33.3%	13.3%	2	66.7%	0	0.0%	-23.1%	7	100.0%	1	25.0%	25.0%	3	75.0%	2	14.3%	-3.1%	12	85.7%
Sub-total Officer Entry	1	33.3%	13.3%	2	66.7%	0	0.0%	-23.1%	7	100.0%	1	25.0%	25.0%	3	75.0%	2	14.3%	-3.1%	12	85.7%
Other Ranks																				
General Entry - Technical	0	0.0%	0.0%	12	100.0%	0	0.0%	0.0%	5	100.0%	2	16.7%	16.7%	10	83.3%	2	6.9%	6.9%	27	93.1%
General Entry - Non-Technical	2	11.1%	-6.5%	16	88.9%	6	12.8%	6.8%	41	87.2%	5	29.4%	10.7%	12	70.6%	13	15.9%	5.0%	69	84.1%
Sub-total Other Ranks (General Entry)	2	6.7%	-5.3%	28	93.3%	6	11.5%	6.3%	46	88.5%	7	24.1%	13.0%	22	75.9%	15	13.5%	5.3%	96	86.5%
Total Re-enlistments	3	9.1%	-4.2%	30	90.9%	6	10.2%	1.6%	53	89.8%	8	24.2%	14.9%	25	75.8%	17	13.6%	3.8%	108	86.4%
ADF GAP YEAR TRANSFERS																				
Officers	0	-	0.0%	0	-	0	-	0.0%	0	-	0	0.0%	0.0%	2	100.0%	0	0.0%	0.0%	2	100.0%
Sub-total Officer Entry	0	-	0.0%	0	-	0	-	0.0%	0	-	0	0.0%	0.0%	2	100.0%	0	0.0%	0.0%	2	100.0%
Other Ranks																				
General Entry - Technical	0	-	0.0%	0	-	0	0.0%	0.0%	1	100.0%	0	0.0%	0.0%	1	100.0%	0	0.0%	0.0%	2	100.0%
General Entry - Non-Technical	0	-	0.0%	0	-	15	15.2%	15.2%	84	84.8%	3	17.6%	17.6%	14	82.4%	18	15.5%	15.5%	98	84.5%
Sub-total Other Ranks (General Entry)	0	-	0.0%	0	-	15	15.0%	15.0%	85	85.0%	3	16.7%	16.7%	15	83.3%	18	15.3%	15.3%	100	84.7%
Total ADF Gap Year Transfers	0	-	0.0%	0	-	15	15.0%	15.0%	85	85.0%	3	15.0%	15.0%	17	85.0%	18	15.0%	15.0%	102	85.0%
Total Prior Service Entry	11	10.9%	-2.6%	90	89.1%	62	11.7%	-1.2%	468	88.3%	25	21.0%	0.7%	94	79.0%	98	13.1%	-1.2%	652	86.9%

Source: Defence HR system.

Notes

- Figures in this table show permanent force prior service enlistments (headcount).
- Delta (Δ) figures show the differences in percentage of women from 30 June 2016 to 30 June 2015.
- Cells highlighted in green indicate that the 2015–16 percentage of women was at least 5.0 per cent greater than the 2014–15 percentage of women.
- Cells highlighted in orange indicate that the 2015–16 percentage of women was at least 5.0 per cent less than the 2014–15 percentage of women.
- Percentages may not sum due to rounding.

Figure 6: Percentage of female ADF permanent force prior service enlistments, by type and Service, 2015–16

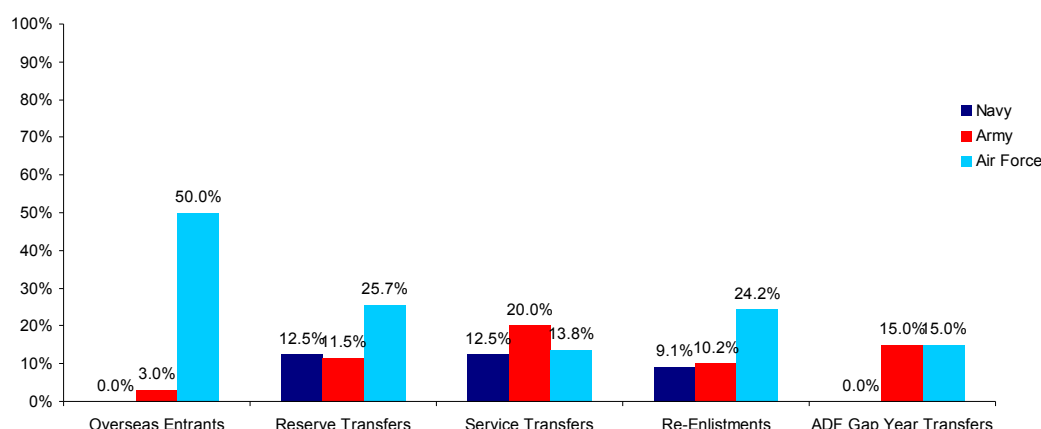


Figure 6 shows the proportion of women enlisted in the ADF who had prior service. Prior service enlistees make up 13.8 per cent of total enlistees, and women with prior service make up 10.0 per cent of total female enlistees. The most common type of prior service is Reserve service (54.1 per cent of all prior service enlistments). Reserve service transfers represent 53.1 per cent of all female prior service enlistments. However, Reserve transfers for female Officers have decreased for both Navy (-18.3 per cent) and Army (-24.4 per cent) since 2014-15.

The proportion of female ADF Gap Year programme transfers was 15 per cent for Army and Air Force⁷.

Recruitment of women initiatives

Navy

Navy has a strong history of innovation to address Gender equity. It has committed to increasing the number of women across all workgroups. Significant initiatives are underway to improve female presence. Quantifiable gender initiatives include the following:

- All Navy positions (sailor and officer) are open to women; and there is no upper limit on female recruitment for 2016-17.
- The Women in Navy website (hosted on the Defence jobs website) profiles job categories which are currently less well represented. Current serving female members that are pursuing and excelling in their role are profiled to provide potential candidates with direct insight into the career opportunities for women, particularly in non-traditional roles.
- Ongoing fielding of the Specialist Recruiting Team – Women (SRT-W), whereby four Navy positions (Petty Officer/Leading Seaman) are embedded within the Brisbane, Parramatta, Melbourne and Perth Recruiting Centres. The primary focus of the team is the attraction,

⁷ Figures unavailable for Navy Gap Year as it has only just commenced. Figures will be available in 2016-17.

mentoring and recruitment of female candidates. These positions are supported by a Lieutenant Commander position (Executive Officer of Diversity) at Headquarters Defence Force Recruiting (HQDFR) who provides oversight, support and direction to the progress of the SRT-W initiatives.

- Defined Navy recruiting goals have been implemented, particularly for employment categories in which women are less well represented (i.e. <15%), in order to aid and prioritise recruit identification to address the Navy's priority work groups.
- The Gap Year programme has been expanded and currently provides candidates with an opportunity to explore naval careers. Recruitment targets have increased from 75 in 2016 to 100 candidates in 2017, with intakes each quarter. The Navy has set a minimum female target of 60-70 per cent for the 2017 Gap Year programme; and 70 per cent is expected. Gap Year applications routinely exceed targets with offers distributed on merit.

Army

In 2015-16, additional effort has been invested into broadening the extant initiatives [Recruit when ready (RWR) and Recruit to area (RTA)] and in ensuring Defence Force Recruiting proactively markets these initiatives to women progressing through the recruiting process. Compared to 2014-15, the number of women recruited under the RTA initiative remained stable, while there was a small reduction in the number of women recruited under the Recruit When Ready Initiative (from 18 women in 2014-15 to 16 women in 2015-16). It should be noted that these special measures are neither required nor appropriate for all candidates.

From July until December 2015 Army offered a one year Initial Minimum Period of Service option for specific categories during which time 115 females were recruited under reduced IMPS. In January 2016 Army increased the categories offered under the reduced IMPS program and included a number of Arms Corps roles including Infantry, Artillery and Combat Engineers and adjusted the IMPS period to two years under this program. Under the revised IMPS program, 47 females have been recruited. It is not possible to ascertain whether the reduced IMPS program has increased the attraction of females given that the categories offered under the reduced IMPS program have been traditionally attractive to females. The categories being offered under this initiative are reviewed annually and it is probable that additional categories will be added in future.

Table 7: Recruitment of women initiatives, Army, 2015–16

Recruiting Initiative	Women Recruited
Recruit To Area	3
Recruit When Ready	16
Army Pre-Conditioning Course	40
Reduced Initial Minimum Period of Service (IMPS)	115 (under 1 year IMPS - Jul to Dec 2015)
	47 (under 2 year IMPS - Jan 16 onwards)

Source: Director General Personnel—Army

The Army Pre-Conditioning Course (APCC) has continued to be a successful initiative, assisting female recruits to meet the required entry-level fitness standard if they demonstrate suitability in all other requirements through Defence Force Recruiting. The number of women who completed this course increased in 2015-16, from 22 women in 2014-15 to 40 women in 2015-16. Due to this success, Army has expanded the APCC and from July 2016 commenced conducting the Army Pre-conditioning Program (APCP). To date 43 additional women have enlisted in the Army due to this opportunity. This course will allow for up to 250 women to be conditioned each year, ensuring they can commence recruit training. Army will work closely with Defence Force Recruiting to ensure that each APCP course is fully manned to increase female participation.

For women considering entering an Arms Corps, pre-enlistment training via the Army Physical Fitness Program (APFP) is offered. This 12 week strength and conditioning program is available to women entering an Arms Corps role, before they enlist, and delivered by strength and conditioning coaches. Options for residential in-service delivery of strength and conditioning training for female combat arms candidates are under development.

Gap Year 2016 commenced with 60 females enlisting into Army, of which seven have left during the recruit training course (four resigned and three were assessed as unsuitable for training). The total number of applications for Gap Year 2017 is 2,247 of which 715 (31.8 per cent) are females.

The Army continues to maintain its commitment to the DFR Specialist Recruiting Team – Women with 10 uniformed female members allocated to Defence Recruiting Centres in Perth, Brisbane, Canberra, Melbourne, Adelaide and Parramatta.

Air Force

During 2015–16, the Air Force implemented the following recruiting initiatives to attract and retain women:

Female Targets. As was the case in 2014–15, specific female recruiting targets were set against employment categories in which women are less well represented. These categories predominantly relate to the engineering, technical and aircrew workforces. For 2015–16 a total of 132 targets were set, with 94 achieved (71.2 per cent). This maintained performance from an achievement of 93 against a target of 126 (73.8 per cent) during 2014–15. The establishment of female recruiting targets will continue for the foreseeable future.

Reduced Initial Minimum Period of Service (IMPS). Commencing in July 2013, the Air Force implemented a two-year trial of IMPS reductions for many employment categories. The trial has been extended for an additional two years to the end of 2016–17 to enable a more accurate assessment of the success of this initiative. During 2015–16, 97 female airmen and 46 female Officers (143 total) were recruited to workforces with a reduced IMPS. This figure is an increase of the 83 total from 2014–15.

Changes to Female Pilot Obligations. The Air Force has set aside the IMPS for direct entry female pilots and is trialling a two-year return of service obligation commencing on graduation from the initial operational conversion course. This initiative removes an otherwise lengthy on-appointment commitment which might dissuade women from joining the Air Force as a pilot. In 2015–16, five female direct entry pilots who will be managed under this initiative were recruited.

Graduate Pilot Scheme. The Graduate Pilot Scheme is a targeted pilot recruitment model that aims to encourage women already pursuing careers as civilian pilots and studying a Bachelor of Aviation degree at a civilian university to consider joining the Air Force. Due to a structural change in the Griffith University course no female pilots were able to be recruited under this scheme in 2015-2016. In 2016-2017 the intent is to update the implementation methodology of the scheme to both reinstate Griffith as an eligible University and to increase the number of eligible Universities. This will ultimately include all Universities offering a Bachelor of Aviation in this scheme.

Experiential Camps Air Force continues to run its experiential camp program for women aged between 16 and 24 years. This experiential camp program commenced in 2013 and is designed to raise Air Force's profile as an employer of choice for women. The primary objective of the two programs, Flight Camp and Tech Camp, is to provide a hands-on learning opportunity for young women to experience Air Force aviation (particularly pilot) and technical roles respectively. The camps provide a week of positive, tailored work experiences to participants, promoting the Air Force as a positive employment option, particularly for non-traditional employment roles. This includes the opportunity to engage with current serving women working in these roles and exposure to Air Force life, fitness standards, leadership and adventurous training. The majority of participants indicate a willingness to join Air Force following their attendance at the camp.

In 2016 Flight Camps that have already been held at Amberley and East Sale, with 16 and 12 participants respectively. Another camp is programmed for

Pearce in October 2016. One Tech Camp has been held in 2016 with 21 participants. To date, all programs have been fully subscribed and as at July 2016 a total of 160 participants have attended Flight Camp and Tech Camp since its commencement.

The experiential camp statistics are outlined in Table 8 below. These numbers change regularly as individuals progress through the recruitment pipeline.

Table 8: Experiential Camp Statistics 2013 – 2016

	Flight Camp	Tech Camp
Enlisted/Appointed	Total of 18 broken down as follows: 6 x Pilot 3 x Air Combat Officer 3 x JBAC 1 x AERO 1 x People Capability Officer 1 x Intel 1 x Army Pilot 1 x Army GSO 1 x Navy Steward	1 (1x ATECH)
Engaged/Pending with Defence Force Recruiting	40	14
Not engaged with Defence Force Recruiting	37	10
Engaged but withdrawn - medical/other	34	6
TOTAL	129	31

Source: Director General Personnel—Air Force.

Recruitment Guide. A guide for women navigating the Air Force recruitment path was developed by Air Force and released in 2016. This guide, titled 'PropElle' contains practical advice aimed to support female candidates through the recruitment process covering all stages of recruiting including preparing for aptitude testing, interview techniques, flight screening and physical fitness.

Average time taken to progress through the recruitment process

For many women interested in a career in the ADF, the recruitment process is their first experience with the ADF. Candidates pass through a number of stages in the recruitment pathway, assisted by their Case Manager. The length of time candidates spend in the recruitment process can vary due to the various tests and checks that must be completed and vacancies in training establishments. Officer or specific trade candidates may take longer in the process due to courses being available only once or twice a year. The processing timeline varies for each individual candidate.

In relation to processing time for applications, it should be noted that due to current Recruit Management System limitations Defence Force Recruiting is unable to readily track candidate withdrawal times. Application refers to the date in which a candidate record is created in the recruiting system, indicating a desire by the candidate to investigate a job role within the ADF. Candidates that withdraw from the recruitment process without Enlisting or Appointing can reactivate at a later date. Reactivations do not result in a new Application date as no new record is required in the recruiting system due to the original record resuming. Accordingly, any measure showing average time taken to progress through the recruitment process includes any periods during the process where the candidate was withdrawn. Defence Force Recruiting has recognised that there are many reasons why the time in process will be

extended, particularly for roles that only have one or two intakes per year such as the Australian Defence Force Academy and the Royal Military College – Duntroon. The average time from application to Letter Of Offer is currently nine months. Work is underway to reduce this to three months with changes to the Service Delivery Model.

Table 9 shows the average time taken for male and female applicants to progress through the recruiting process in 2015-16 from application to enlistment/appointment.

Table 9: Average Days in the Recruiting Process - Application to enlistment/Appointment (Full-Time), 2015-16^{[1][2][3][4][5][6][7]}

2015-16	Navy				Army				Air Force			
	Women	Men	Total	Difference (W-M)	Women	Men	Total	Difference (W-M)	Women	Men	Total	Difference (W-M)
Officer Entry	414	496	474	-82	435	439	438	-4	463	506	489	-43
General Entry	383	372	375	11	370	384	382	-14	413	449	438	-36
Full Time Total	387	389	388	-2	383	389	388	-6	431	464	453	-33
Gap Year Total	369	391	380	-22	332	345	342	-13	369	334	351	35

Source: Defence Force Recruiting

Notes:

1. Figures relate to Full Time (Permanent) entry only.
2. Application Created date refers to when a candidate record was created in Powerforce.
3. This data does not account for candidates withdrawing from the process and subsequently reactivating their application. That is, it represents total time, not application active time.
4. Time in process can be influenced by the application of the Defence Force Recruiting Service Delivery Model process, candidate initiated actions and support provided by parties external to Defence Force Recruiting (i.e. credentialing, Service Suitability Checks, provision of Letter Of Offer for Officers, Medical Specialist Reports, etc.).
5. Candidate initiated actions that could extend time in process include waiting for a desired job role to become available.
6. General Entry data is exclusive of Gap Year roles (Gap Year presented separately)
7. In order to address the inability to identify periods of candidate inactivity, data has been restricted to within a 2 year period as this is the longest processing time required for ADFA Education Award candidates where their application would always remain active. Applicants apply for this during their Year 11 studies resulting in a very long lead time between initial application and final appointment date.

For all three Services and across both Officer and General Entry pathways it can be seen that women spend, on average, either less time in the recruiting process than males (most notably for Navy Officer Entry and Air Force Officer and General Entry) or a similar amount of time as males. Reduced female recruiting timeframes can be attributed to the additional focus by DFR on expediting female time in process. DFR has implemented various initiatives including the increased focus on diversity, mentoring females through the recruiting process and the prioritisation of females into job roles.

Navy and Army female Gap Year candidates also spent a slightly shorter period of time in the recruiting process than males, while Air Force female Gap Year candidates spent longer in the process. The Air Force Gap Year program was extremely popular with females, with over 400 candidates applying. Consequently, the disproportionately large number of candidates increased the overall time in process compared to men.

Tables 10 and 11 show the average time taken between two distinct points in the recruitment process. These include from application to the time a letter of offer is provided, as well as from the time a letter of offer is provided to

enlistment/appointment. The letter of offer reflects the date the candidate was offered enlistment/appointment in the ADF.

Table 10: Average Days in the Recruiting Process - Application to Letter of Offer (Full-Time), 2015-16^{[1][2][3][4][5][6][7][8]}

2015-16	Navy				Army				Air Force			
	Women	Men	Total	Difference (F-M)	Women	Men	Total	Difference (F-M)	Women	Men	Total	Difference (F-M)
Officer Entry	372	455	433	-83	398	415	410	-17	442	487	468	-45
General Entry	315	311	312	4	326	320	321	6	347	377	368	-30
Full Time Total	322	330	328	-8	340	329	330	11	379	403	395	-25
Gap Year Total	276	267	271	9	244	253	251	-9	316	271	293	45

Source: Defence Force Recruiting

Notes:

- Figures relate to Full Time (Permanent) entry only.
- Application Created date refers to when a candidate record was created in Powerforce.
- Some candidate Letter of Offer information could not be determined resulting in minor variance between the Application to Enlistment/Appointment data and the Application to Letter of Offer data. This is most prevalent in the categories with smaller volumes of candidates.
- This data does not account for candidates withdrawing from the process and subsequently reactivating their application. That is, it represents total time, not application active time.
- Time in process can be influenced by the application of the Defence Force Recruiting Service Delivery Model process, candidate initiated actions and support provided by parties external to Defence Force Recruiting (i.e. credentialing, Service Suitability Checks, provision of Letter Of Offer for Officers, Medical Specialist Reports, etc.).
- Candidate initiated actions that could extend time in process include waiting for a desired job role to become available.
- General Entry data is exclusive of Gap Year roles (Gap Year presented separately)
- In order to address the inability to identify periods of candidate inactivity, data has been restricted to within a 2 year period as this is the longest processing time required for ADFA Education Award candidates where their application would always remain active.

Table 11: Average Days in the Recruiting Process - Letter of Offer to Enlistment/Appointment (Full-Time), 2015-16^{[1][2][3][4][5][6][7]}

2015-16	Navy				Army				Air Force			
	Women	Men	Total	Difference (F-M)	Women	Men	Total	Difference (F-M)	Women	Men	Total	Difference (F-M)
Officer Entry	40	35	36	5	41	39	40	2	38	31	33	7
General Entry	82	81	81	2	61	86	83	-25	96	97	96	-1
Full Time Total	77	74	75	3	57	82	78	-25	79	79	79	0
Gap Year Total	112	121	117	-9	87	95	93	-8	68	62	65	6

Source: Defence Force Recruiting

Notes:

- Figures relate to Full Time (Permanent) entry only.
- Some candidate Letter of Offer information could not be determined resulting in minor variance between the Application to Enlistment/Appointment data and the Application to Letter of Offer data. This is most prevalent in the categories with smaller volumes of candidates.
- This data does not account for candidates withdrawing from the process and subsequently reactivating their application. That is, it represents total time, not application active time.
- Time in process can be influenced by the application of the Defence Force Recruiting Service Delivery Model process, candidate initiated actions and support provided by parties external to Defence Force Recruiting (i.e. credentialing, Service Suitability Checks, provision of Letter Of Offer for Officers, Medical Specialist Reports, etc.).
- Candidate initiated actions that could extend time in process include waiting for a desired job role to become available.
- General Entry data is exclusive of Gap Year roles (Gap Year presented separately)
- In order to address the inability to identify periods of candidate inactivity, data has been restricted to within a 2 year period as this is the longest processing time required for ADFA Education Award candidates where their application would always remain active.

For all three Services and across both Officer and General Entry pathways it can be seen that women spend, on average, either less time between the application and letter of offer stage of the recruiting process than males (most notably for Navy Officer Entry and Air Force Officer and General Entry) or a similar amount of time as males.

Between letter of offer and enlistment/appointment, time spent in the recruiting process was very similar for men and women across all Services and entry pathways, with the most notable difference being for Army General Entry where females spent, on average, less time in the process.

Conversion Rates – Measuring Success in the Recruiting Process

Conversion rates provide an important way of measuring success at various stages of the ADF recruitment process, by showing the number of enquiries, Your Options Unlimited (YOU) session attendees, Assessments and letters of offer that occur in a rolling 12 month period, to produce one enlistee (Officer or Other Rank). It also provides a means by which candidate drop-offs in the recruitment process can be assessed and any improvements (where required) be directed.

Table 12 shows conversion rates for male and female Full Time applicants in 2015-16. Figures are shown for both Technical and Non-Technical General Entry pathways, as well as a range of Officer Entry pathways. Conversion rates are influenced by a range of factors including (but not limited to) the attractiveness of certain careers in the ADF, the suitability of applicants for these careers, the level of difficulty associated with assessment processes and the number of roles available.

HOW DO I READ A CONVERSION RATE?

8.4 (Enquiries): 12.1 (YOU session): 3.8 (Assessment): 1.4 (Letter of Offer):
1 (Enlistee)

Table 12: Conversion Rates (Full-Time applicants), 2015-16^{[1][2]}

Female				
AVENUE OF ENTRY	NAVY	ARMY	AIR FORCE	ADF
FULL TIME				
GENERAL ENTRY				
General Entry Non- Technical	8.4 : 12.1 : 3.8 : 1.4 : 1	11.8 : 14.8 : 3.4 : 1.4 : 1	9.4 : 13.8 : 3.8 : 1.3 : 1	10.2 : 13.8 : 3.6 : 1.4 : 1
General Entry Technical	8 : 4.8 : 2.3 : 1.4 : 1	15.4 : 15.4 : 2.9 : 1.1 : 1	7.1 : 7.2 : 2.9 : 1.2 : 1	9 : 7.9 : 2.7 : 1.3 : 1
GENERAL ENTRY TOTAL	8.3 : 11.3 : 3.6 : 1.4 : 1	11.9 : 14.9 : 3.4 : 1.4 : 1	9 : 12.8 : 3.7 : 1.3 : 1	10.1 : 13.3 : 3.5 : 1.4 : 1
OFFICER ENTRY				
Direct Entry Officer/Graduate Officer	24.6 : 19.3 : 4.8 : 1.3 : 1	67.8 : 51.5 : 5.6 : 1 : 1	35.1 : 30 : 5.7 : 1.1 : 1	44.1 : 35 : 5.4 : 1.1 : 1
Direct Entry Officer/Graduate Pilot	23 : 20 : 3 : 1 : 1		35.4 : 29.2 : 7.4 : 1 : 1	35 : 30 : 6.8 : 1 : 1
Direct Entry Officer/Graduate Non-Pilot	21.3 : 17.3 : 4.4 : 1.4 : 1	123.1 : 90.9 : 6.3 : 1 : 1	41.7 : 31.9 : 5.5 : 1.2 : 1	50.1 : 38 : 5.2 : 1.2 : 1
Undergraduate Officer	83 : 52 : 14 : 1 : 1	42.5 : 33.1 : 5.3 : 1.1 : 1	21.6 : 26.6 : 5.1 : 0.9 : 1	37 : 31.6 : 5.5 : 1 : 1
Royal Military College	n.a.	14.9 : 15.4 : 4.7 : 1.6 : 1	n.a.	14.9 : 15.4 : 4.7 : 1.6 : 1
Royal Military College Pilot	n.a.		n.a.	
Royal Military College Non-Pilot	n.a.	14.1 : 14.4 : 4.5 : 1.6 : 1		14.1 : 14.4 : 4.5 : 1.6 : 1
Australian Defence Force Academy	16 : 14.6 : 4.5 : 1.3 : 1	25.9 : 18.5 : 3.5 : 1.1 : 1	14.9 : 13.8 : 4.3 : 1 : 1	19 : 15.6 : 4.1 : 1.1 : 1
Australian Defence Force Academy Pilot		15.5 : 12.5 : 3 : 1 : 1	33.2 : 31.3 : 8.8 : 1 : 1	31.5 : 29 : 7.9 : 1 : 1
Australian Defence Force Academy Non-Pilot	14.3 : 13.2 : 4.2 : 1.3 : 1	26.8 : 19 : 3.5 : 1.1 : 1	11.1 : 10.2 : 3.4 : 1 : 1	17.4 : 14 : 3.6 : 1.1 : 1
OFFICER ENTRY TOTAL	21.1 : 17.4 : 4.7 : 1.3 : 1	36.9 : 30.4 : 4.6 : 0.8 : 1	25 : 21.9 : 5 : 1 : 1	29.3 : 24.7 : 4.8 : 1 : 1
FULL TIME TOTAL	12.6 : 12 : 3.7 : 1.4 : 1	19.7 : 17.4 : 3.6 : 1.4 : 1	16.5 : 15.1 : 4 : 1.3 : 1	16.8 : 15.3 : 3.7 : 1.4 : 1

Male				
AVENUE OF ENTRY	NAVY	ARMY	AIR FORCE	ADF
FULL TIME				
GENERAL ENTRY				
General Entry Non- Technical	6.4 : 10.6 : 3.8 : 1.1 : 1	5.2 : 7.6 : 2.8 : 1.2 : 1	8.6 : 13.8 : 4.2 : 1.2 : 1	5.7 : 8.5 : 3.1 : 1.2 : 1
General Entry Technical	3.4 : 4.3 : 2.5 : 1.1 : 1	11.3 : 11.9 : 2.7 : 1.2 : 1	12.1 : 11 : 3.3 : 1 : 1	8.2 : 8.5 : 2.7 : 1.1 : 1
GENERAL ENTRY TOTAL	4.9 : 7.4 : 3.1 : 1.1 : 1	6 : 8.1 : 2.8 : 1.2 : 1	10 : 12.7 : 3.8 : 1.1 : 1	6.2 : 8.5 : 3 : 1.1 : 1
OFFICER ENTRY				
Direct Entry Officer/Graduate Officer	12.6 : 13.2 : 4.9 : 1 : 1	71.3 : 63 : 8.7 : 1.1 : 1	25.9 : 27.7 : 7.6 : 1 : 1	26.3 : 26.3 : 6.7 : 1 : 1
Direct Entry Officer/Graduate Pilot	24 : 22.8 : 4.8 : 1 : 1	31.5 : 29.8 : 5.5 : 1 : 1	18.3 : 20.9 : 7.5 : 1 : 1	20 : 21.8 : 7 : 1 : 1
Direct Entry Officer/Graduate Non-Pilot	11.4 : 12.3 : 5.2 : 1 : 1	145.6 : 123.1 : 7.6 : 1 : 1	36.4 : 35.4 : 7.9 : 1 : 1	29.7 : 28.3 : 6.3 : 1 : 1
Undergraduate Officer	13.5 : 13.5 : 3.6 : 0.9 : 1	41.2 : 39.1 : 10.3 : 1.3 : 1	17.3 : 26.6 : 6.6 : 0.8 : 1	25.1 : 27.2 : 7.1 : 1 : 1
Royal Military College	n.a.	7.1 : 9.6 : 4.8 : 1.2 : 1	n.a.	7.1 : 9.6 : 4.8 : 1.2 : 1
Royal Military College Pilot	n.a.	6.3 : 6.9 : 2.1 : 1 : 1	n.a.	6.3 : 6.9 : 2.1 : 1 : 1
Royal Military College Non-Pilot	n.a.	7.2 : 9.9 : 5 : 1.2 : 1	n.a.	7.2 : 9.9 : 5 : 1.2 : 1
Australian Defence Force Academy	11.9 : 10 : 2.9 : 1 : 1	20.5 : 15.7 : 4 : 1.1 : 1	37.4 : 31.4 : 8.4 : 1 : 1	23.2 : 18.7 : 5 : 1 : 1
Australian Defence Force Academy Pilot	13.5 : 8.4 : 2.6 : 1 : 1	17.3 : 12.8 : 3 : 0.9 : 1	96.4 : 81.1 : 16.7 : 1.1 : 1	52.1 : 42.5 : 9.1 : 1 : 1
Australian Defence Force Academy Non-Pilot	11.6 : 10.3 : 3 : 1 : 1	20.8 : 15.9 : 4.1 : 1.1 : 1	18.6 : 15.6 : 5.7 : 1 : 1	18.1 : 14.6 : 4.3 : 1.1 : 1
OFFICER ENTRY TOTAL	12.3 : 11.9 : 4.1 : 1 : 1	16.9 : 17.1 : 2.1 : 0.5 : 1	30.5 : 29.2 : 7.9 : 1 : 1	19.7 : 19.3 : 4.2 : 0.8 : 1
FULL TIME TOTAL	7.3 : 8.1 : 3.3 : 1.1 : 1	8.3 : 8.9 : 3 : 1.2 : 1	17.2 : 16.8 : 4.8 : 1.1 : 1	9.4 : 9.9 : 3.3 : 1.1 : 1

Source: Defence Force Recruiting

Notes:

1. Figures relate to Full-Time (ADF Permanent) applicants only.
2. Some anomalies may occur, where a conversion ratio increases from one stage to the next. This may occur between the Enquiry and YOU stages, as enquirers may not have a preference at the Enquiry stage and will not be allocated to a Service (and therefore not reported in the Service numbers) until they reach the YOU stage. In other instances, this may occur where applicants are managed directly by the Services at a particular stage (for example, sending out the Letter of Offer) and are therefore not accounted for in the Defence Force Recruiting ratios.

Overall examination of conversion rates show noticeable drop offs between attendance at a YOU session and assessment stage, suggesting that a large number of applicants exit the recruitment pathway prior to reaching the assessment stage.

Examination of conversion rates for male and female candidates overall shows that for both Navy and Army, a greater number of enquiries as well as YOU attendees were required in order to produce a single female enlistee than male enlistees. This difference was particularly the case for Army applicants and most notably Army Officer Entrants. There was also a notable drop off in female candidates progressing to the assessment stage, suggesting that a higher number of female candidates are exiting the process at the YOU stage. Further, the number of female enquiries for Army General Entry was almost double that required to produce one male enlistee.

For Navy, the number of Navy Officer enquiries and YOU session attendees required in order to gain one enlistee was also notably higher for females than for males. There was also a larger drop-off between YOU session attendance and the assessment stage of the process.

For Air Force, gender differences were less prevalent, with similar overall conversion rates for men and women. The most notable difference was for Officer Entry, where a higher rate of enquiries and YOU session attendees were required to produce one male enlistee than one female enlistee.

Progress towards success

Women spend a similar amount of time, occasionally less time, in the recruitment pathway as men. However, conversion rates indicate that the number of Officer enquiries required to gain one appointee were higher for females than males in Navy and Army.

Satisfaction with the recruitment process

In order to ensure the retention of women in the recruitment pathways at the rates required to improve female recruiting levels into the ADF, it is important to ensure a positive recruitment experience. Table 13 shows of those who commenced in the ADF in 2015, how satisfied they were with their recruitment experience.

Table 13: Satisfaction with Recruitment by Gender, 2015-16 ^{[1][2][3][4]}.

YourSay Survey	Navy		Army		Air Force		Total ADF	
	Women	Men	Women	Men	Women	Men	Women	Men
Overall, how would you rate your recruitment experience?	67.1%	67.2%	69.6%	72.0%	65.9%	64.4%	67.9%	69.7%

Source: YourSay Starters Survey 2015

Notes

1. Data includes responses from ADF personnel who commenced in calendar year 2015
2. Cells highlighted in green indicate that 2015 responses were significantly more positive than for 2014
3. Cells highlighted in red indicate that 2015 responses were significantly less positive than for 2014
4. Differences are based on statistical significance ($p < .05$) and measure of association (Cramer's $V > .01$).
4. Responses are those who were satisfied/very satisfied.

Overall rates of positivity between females and males were comparatively similar across all three Services, with around two thirds or more of both females and males reporting satisfaction with their recruitment experience.

Progress towards success

Satisfaction with the recruitment process was similar for males and females, with approximately two-thirds of both genders reporting that they were satisfied or very satisfied with the process. Continuing to address areas where there is dissatisfaction with the process will improve the overall recruiting pathway continuum.

Chapter 2: Learning, Training, Education and Development

We will know we have reached success in gender diversity and inclusion in Learning, Training, Education and Development when:

- women successfully complete recruit training at a rate comparable to men. (KPI 7, 9 & 10)
- women participate in Defence-sponsored education at a rate comparable to men.
- women take career breaks at a rate comparable to men.

Supporting Policy:

PACMAN Volume 1, Chapter 5, Part 8 – Leave Without Pay

Purpose – “This Part sets out how a member may take absence from duty when they wish to continue to serve in the ADF but no other leave type meets their needs”

Learning, training, education and development throughout the career continuum provides a key foundation for the military, professional and leadership skills required to undertake the broad range of roles within which ADF members are employed. From initial recruit training (including for many Officers tertiary education) to courses and qualifications that seek to advance the skills and capabilities of members later in their career; learning, training, education and development is central to employment in and advancement within the ADF.

Accordingly, to improve gender diversity in the ADF, it is vital that women in the ADF are supported to participate in and to successfully complete learning, training, education and development opportunities in order to both improve initial entry training outcomes and for their later career advancement.

This section examines the extent to which women successfully complete initial entry training, participate in Defence-sponsored education and take career breaks.

Training completion rates (Service Ab-Initio and Recruit Training)

All new entrants to the ADF have to undergo initial entry training or *ab initio* training. The function of this training is to prepare new entrants for military service and to induct them into the Defence organisation. This training is physically challenging and mentally demanding. Trainees are required to work hard for up to seven days a week with little time for recreation. They learn and develop many new skills; however, some find military life difficult and are unable to complete the course due to a variety of reasons. Some will withdraw completely deciding that military life is not for them while others will be ‘back-classed’.

Back-classing occurs if a trainee is unable to continue on a course (for example for medical or compassionate reasons) or fails to satisfactorily

complete an element of a training course. They may be placed on the next available training course to enable completion. Back-classing is at the discretion of the training institution along with the determination of how much of the training course each trainee would need to complete.

An important aspect of any training is that all trainees are treated equally and that the nature of the training itself does not unnecessarily discriminate against one group. If aspects of the training did discriminate in favour of one group over another it is reasonable to expect that this would become evident in the completion rates. The following tables detail commencement, completion and non-completion results for persons attending their initial training at each of the Services' recruit and Officer training schools. As this is the first time that data of this nature has been collected in such detail there are some reporting discrepancies. Current reporting systems lack the capacity to easily distinguish between first time entrants and those who have been back-classed in the previous financial year thereby affecting data fidelity, in particular minimum time data. This is especially true for the Other Rank data due to the volume of those undertaking the courses. Over time it is expected that the reliability of the data will improve with the Services working towards enhanced data collection methods that will incorporate the new reporting requirements.

Tables 14 and 15 show those trainees who undertook an *ab initio* course due for completion in FY2015-16 and passed, and if they did not pass the reasons why. These figures include those who may have been back-classed during the financial year from another course intake.

Table 16 is the number of those who in FY2015-16 undertook *ab initio* training for the first time and passed in the minimum time and their success rate. Of those who undertook the course for the first time and failed (did not complete in the minimum time), the reasons for failure are shown in table 17.

A comparison between tables 15 and 17 also gives an indication of the impact of back-classing as a result of failure on the total number of graduates for that year.

Table 14: The number and proportion of Other Ranks and Officers who commenced by those who completed *ab initio* training in FY2015-16 ^{[1][2][3]}

	Navy				Army				Air Force			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Other Ranks												
Commenced the course	279	100%	800	100%	366	100%	2364	100%	178	100%	386	100%
Completed the course	236	85%	739	92%	316	86%	2053	87%	175	98%	359	93%
Officers												
Commenced the course	47	100%	191	100%	48	100%	268	100%	61	100%	120	100%
Completed the course	45	96%	180	94%	24	50%	147	55%	57	93%	110	92%

Source: Navy – Director General Navy People; Army – Royal Military College; Air Force – Director General Personnel Air Force

Notes:

1. Navy: Courses included are New Entry Officer Course (NEOC 53 and 54), Warrant Officer Senior Sailor Entry Course (WOSSEOC 02/15 and 01/16), Lateral Initial Entry Training Course, General Service Duties Recruit Course (General Entry 333-342) and Defence Indigenous Development Program – Navy (intakes 4 and 5).
2. Army: Numbers have been provided from the following courses – 212682 – ARA GSO FT FAC Direct Entry Session 0005 and 0006; 204549 – Army Recruit Course Sessions 0614-0676 (less 0625 & 0626)
3. Air Force: The officer course refers to Initial Officer Course (IOC) conducted by Officers Training School and the airmen course is the Recruit Course conducted by No 1 Recruit Training Unit (1RTU).

Table 15: Reasons for non-completion in FY 2015-16 ^{[1][2]}

	Navy				Army				Air Force			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Other Ranks												
Failed course	0	-	0	-	8	16.0%	13	4.2%	0	0.0%	0	-
Withdrawal (Compassionate or medical)	3	7.0%	8	13.1%	20	40.0%	164	52.7%	1	33.3%	9	33.3%
Withdrawal (disciplinary)	0	-	1	1.6%	0	-	2	0.6%	0	-	0	0.0%
Withdrawal (other)	40	93.0%	52	85.2%	22	44.0%	132	42.4%	2	66.7%	18	66.7%
Exempted	0	-	0	-	0	-	0	-	0	-	0	-
Waived	0	-	0	-	0	-	0	-	0	-	0	-
Officers												
Failed course	1	50.0%	7	63.6%	9	37.5%	46	38.0%	3	75.0%	7	70.0%
Withdrawal (Compassionate or medical)	0	-	1	9.1%	6	25.0%	31	25.6%	1	25.0%	2	20.0%
Withdrawal (disciplinary)	0	-	1	9.1%	0	-	1	0.8%	0	-	0	-
Withdrawal (other)	1	50.0%	2	18.2%	9	37.5%	43	35.5%	0	-	1	10.0%
Exempted	0	-	0	-	0	-	0	-	0	-	0	-
Waived	0	-	0	-	0	-	0	-	0	-	0	-

Source: Navy – Director General Navy People; Army – Royal Military College; Air Force – Director General Personnel Air Force

Notes:

1. Navy: "Withdrawal (other)" encompasses: Discharge At Own Request, Day 64 Discharges (IAW ABR10 Ch22, Annex F) and Withdrawal of Parental Consent.
2. Air Force: The data associated with the reasons for non-completion is challenging to track when a member is back-classed on multiple occasions within a single training year.

Training commencements and completion rates for women and men varied across the services. Completion rates for Navy women Other Ranks were less than those for men; however, for Officers, women were more likely to complete their *ab initio* training than men. Army completion rates for women and men at the Other Rank level were similar with over eight in ten passing. Completion rates between Army Officer women and men were also very similar albeit low overall with around only five in ten passing. Both Officers and Other Rank women within Air Force were more likely than men to complete their respective courses, while male and female Officers had similar rates of completion.

The reasons for non-completion at the Other Rank level are similar but represented in quite different proportions. For Navy most of the Other Rank non-completions are for *withdrawing from training at Day 64/parental consent withdrawn* (male 85 per cent, female 95 per cent), this is also the case for Air Force (male and female 66.7 per cent) and female Army entrants (44 per cent). Whereas for male Army entrants, the main reason for non-completion is *medical/compassionate* (44 per cent).

Table 16: The number and proportion of women and men who commenced for the first time and successfully completed an *ab initio* course in the minimum period in FY2015-16 ^{[1][2][3]}

	Navy				Army				Air Force			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Other Ranks												
Commenced the course	279	100%	800	100%	325	100%	2064	100%	175	100%	359	100%
Completed the course <i>in the minimum period</i>	224	80%	656	82%	210	65%	1821	88%	141	81%	328	91%
Officers												
Commenced the course	47	100%	191	100%	33	100%	169	100%	59	100%	111	100%
Completed the course <i>in the minimum period</i>	45	96%	174	91%	16	48%	97	57%	52	88%	97	87%

Source: Navy – Director General Navy People; Army – Director General Personnel Army; Air Force – Director General Personnel Air Force

Notes:

1. Navy: Courses included are New Entry Officer Course (NEOC 53 and 54), Warrant Officer Senior Sailor Entry Course (WOSSEOC 02/15 and 01/16), and Lateral Initial Entry Training Course
2. Army: Numbers have been provided from the following courses – 212682 – ARA GSO FT FAC Direct Entry Session 0005 and 0006; 20549 – Army Recruit Course Sessions 0614-0676 (less 0625 & 0626)
3. Air Force: The officer course refers to Initial Officer Course (IOC) conducted by Officers Training School and the airmen course is the Recruit Course conducted by No 1 Recruit Training Unit (1RTU).

Table 17: Reasons for non-completion within the minimum period on the first attempt by gender for FY 2015-16 ^[1]

	Navy				Army				Air Force			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Other Ranks												
Failed course	12	21.8%	83	57.6%	64	55.7%	101	41.6%	32	91.4%	21	87.5%
Withdrawal (Compassionate or medical)	3	5.5%	8	5.6%	27	23.5%	79	32.5%	3	8.6%	3	12.5%
Withdrawal (disciplinary)	0	-	1	-	0	-	0	-	0	-	0	-
Withdrawal (other)	40	-	52	-	24	20.9%	63	25.9%	0	-	0	-
Exempted	0	-	0	-	0	-	0	-	0	-	0	-
Waived	0	-	0	-	0	-	0	-	0	-	0	-
Officers												
Failed course	1	50.0%	13	76.5%	5	29.4%	22	30.6%	4	57.1%	11	78.6%
Withdrawal (Compassionate or medical)	0	-	1	5.9%	4	23.5%	15	20.8%	3	42.9%	2	14.3%
Withdrawal (disciplinary)	0	-	1	5.9%	0	-	0	-	0	-	0	0.0%
Withdrawal (other)	1	50.0%	2	11.8%	8	47.1%	35	48.6%	0	-	1	7.1%
Exempted	0	-	0	-	0	-	0	-	0	-	0	-
Waived	0	-	0	-	0	-	0	-	0	-	0	-

Source: Navy – Director General Navy People; Army – Director General Personnel Army; Air Force – Director General Personnel Air Force

Notes:

1. Navy: 'Withdrawal (other)' encompasses: Discharge At Own Request, 'Day 64' Discharges and Withdrawal of Parental Consent.

Navy rates of completion on the first attempt at *ab initio* training were similar for women and men at both the Other Rank and Officer levels, with eight in ten Other Ranks and nine in ten Officers completing.

In Army 65 per cent of women at the Other Rank level completed their *ab initio* training within the minimum period on their first attempt compared to 88 per cent of men. At the Officer rank 48 per cent of women completed training in the minimum period on their first attempt compared to 57 per cent of men.

In Air Force 82 per cent of women at the Other Rank level passed in the minimum period on their first attempt compared to 91 per cent of men. For Officers the initial attempt pass rates were similar with more than eight in ten women and men passing the first time.

Course failure is the main reason for non-completion within the minimum period for all ADF Other Ranks. Officers within Navy and Air Force are most likely to not complete due to course failure; however, Army Officers are more likely to have not completed due to course withdrawal.

Australian Defence Force Academy Graduates

The Australian Defence Force Academy (ADFA) provides a key pathway into the Australian Defence Force for *ab-initio* Officer recruits. ADFA provides Tri-Service military education and leadership training together with tertiary education, in order to “provide the Australian Defence Force with tertiary graduates who have appropriate attributes and skills relevant to the needs of each Service”⁸.

Table 16 shows the number and proportion of male and female Officer Cadets and Midshipmen who commenced an undergraduate degree in 2011 (for Army Engineers with one year at RMC in between third and fourth year tertiary study) or 2012 (for Air Force and Navy engineers) as well as those who commenced a non-engineering degree in 2013. This cohort has been examined for the purposes of this Report as they were due to complete their degree and/or military education in 2015. As this is the first time that data has been collected on this basis and that data could not be automatically extracted from the Student Management System, normal standards for data integrity have been lowered. Therefore, confidence in the figures presented is low and data is analysed at face value only.

Figures show that women comprised one fifth of overall commencements, with Army having the lowest proportion of female commencements (Navy 24 per cent, Army 18 per cent, Air Force 22 per cent, ADF 20 per cent).

Completion rates for women (shown in Table 18) were also lower than for men, with just under half (ADF 48 per cent) of the female cadets who commenced their degree and military education at ADFA in the period examined graduating in the minimum period, compared to over two thirds of male cadets (ADF 68 per cent). This pattern of results was consistent across the Services, with completion rates for women lower than for men. The number that completed on track includes those that may have commenced a four year Bachelor of Engineering degree but changed to a three year degree. Those listed as taking longer have required approval from the relevant career management agency.

⁸ Academy Standard Operating Procedures (Chapter 1)

Table 18: Number and proportion of female and male cadets who commenced a degree at ADFA and the proportion of those who graduated on time
^{[1][2][3][4][5][6]}

	Navy				Army				Air Force				ADF			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Commencements																
Engineering degrees	4	21%	15	79%	9	21%	34	79%	3	13%	21	88%	16	19%	70	81%
Other degrees	11	23%	37	77%	21	17%	103	83%	15	26%	42	74%	47	21%	182	79%
Total number of degree commencements	15	22%	52	78%	30	18%	137	82%	18	22%	63	78%	63	20%	252	80%
Number who graduated in 2015	10	20%	41	80%	9	10%	79	90%	11	19%	48	81%	30	15%	168	85%

Notes

1. A graduate is a Midshipman or Officer Cadet that has achieved their Tertiary degree and the Academy Military Training and Education (AMET) program. Those with Graduation Withheld have disciplinary issues or single service training failures outstanding and may still reach graduation status.
2. Figures include ADFA students who commenced a four year undergraduate engineering degree in 2011 (Army Engineers with one year at RMC in between third and fourth year tertiary study) or 2012 (Navy and Air Force Engineers) or a three year non-engineering undergraduate degree (Arts, Business, Information Technology, Science or Technology) in 2013 and were due to complete their degree in 2015.
3. Figures include students who commenced a degree however were removed from the AMET program during the course of their degree as they had advanced standing and were therefore managed as advanced students.
4. Students who transferred Services during the course of their degree are recorded against the Service they were in upon graduation (or at the time they were deemed not to have completed their degree for non-completions).
5. Figures include ab-initio Officer Cadets and Navy Officer Year One (NOYO) Midshipmen only.
6. Figures exclude international students.

Table 19: Completion Rates for ADFA Undergraduate (UG) Degrees – Number and proportion of female and male cadets who completed their degree in the minimum period, 2015
^{[1][2][3][4][5][6]}

	Navy		Army		Air Force		ADF	
	Women	Men	Women	Men	Women	Men	Women	Men
Number of degree commencements	15	52	30	137	18	63	63	252
Number of degree completions (minimum period)	10	41	9	79	11	48	30	168
Completion Rate - Minimum Period	67%	79%	30%	58%	61%	76%	48%	67%

Source: Australian Defence Force Academy

Notes

1. Commencement figures include ADFA students who commenced a four year undergraduate engineering degree in 2011 (Army Engineers with one year at RMC in between third and fourth year tertiary study) or 2012 (Navy and Air Force Engineers) or a three year non-engineering undergraduate degree (Arts, Business, Information Technology, Science or Technology) in 2013 and were due to complete their degree in 2015.
2. Commencement figures include those students who commenced a degree however were removed from the AMET program during the course of their degree as they had advanced standing and were therefore managed as advanced students (they are recorded as a non-completion in completion figures).
3. Completion figures show ADFA students who completed their degree in 2015, in the minimum period applicable to their degree.
4. Students who transferred Services during the course of their degree are recorded against the Service they were in upon graduation (or at the time they were deemed not to have completed their degree for non-completions).
5. Figures include ab-initio Officer Cadets and Navy Officer Year One (NOYO) Midshipmen only.
6. Figures exclude international students.

Table 20: Reasons for non-completion by gender and Service ^{[1][2][3][4]}

Reason for non-completion in the minimum period	Navy				Army				Air Force				ADF			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Provisional Graduate ^[5]	1	20%	1	9%	1	5%	5	9%	0	0%	4	27%	2	6%	10	13%
Back-classed - still studying	0	0%	0	0%	2	10%	6	11%	0	0%	0	0%	2	6%	6	8%
Resigned	2	40%	2	18%	8	40%	19	35%	4	50%	4	27%	14	42%	25	31%
Medical Discharge	0	0%	2	18%	6	30%	2	4%	0	0%	0	0%	6	18%	4	5%
Service Initiated (Disciplinary)	0	0%	4	36%	0	0%	14	26%	0	0%	0	0%	0	0%	18	23%
Direct entry or Other Rank ^[6]	1	20%	2	18%	0	0%	4	7%	2	25%	1	7%	3	9%	7	9%
Graduate Status Withheld ^[7]	0	0%	0	0%	3	15%	1	2%	0	0%	4	27%	3	9%	5	6%
Advanced Standing ^[8]	1	20%	0	0%	0	0%	3	6%	2	25%	2	13%	3	9%	5	6%
Total number who did not complete in minimum period	5	100%	11	100%	20	100%	54	100%	8	100%	15	100%	33	100%	80	100%

Source: Australian Defence Force Academy

Notes

1. Provisional Graduate refers to students who have medical restrictions and/or are a Unit of Credit short of their degree. These students may reach graduation status.
2. Direct Entry or Other Rank refers to students who commenced an ADFA degree however did not complete their degree as they joined the ADF via an alternate entry pathway (Direct Entry Officer or as an Other Rank member). Navy member recorded as Direct Entry is still reading degree (full time).
3. Graduation Status Withheld refers to students who have disciplinary issues or single Service training failures outstanding. These students may reach graduation status.
4. Advanced standing refers to students who commenced a degree however were removed from the AMET program during the course of their degree as they had advanced standing and were therefore managed as advanced students.

There were a broad range of reasons identified for failure to graduate in the minimum period (table 20 refers). Results show that resignation was the most common reason for non-completion for both males (ADF 31 per cent) and females (ADF 42 percent), though this reason was more prevalent for females. Medical discharge was the second most common reason for female non-completions (ADF 18 per cent) while the second most prevalent reason for male non-completion Service initiated due to academic failure and/or behavioural or disciplinary reasons (ADF 23 per cent)⁹.

Progress towards success

Initial entry training or *ab initio* training is the first point on the training continuum for those entering the ADF. Across the Services, rates of completion vary between genders and ranks. The reasons for non-completion are similar between genders albeit in differing proportions, suggesting an area for further investigation.

Education

Table 21: ADF education sponsorship by Service and gender, applications and offers, 2016 ^{[1][2][3][4]}

ADF Education Assistance Scheme	Navy				Army				Air Force				ADF			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Defence Assisted Study Scheme (DASS)																
Number of applications	166	25.9%	474	74.1%	397	29.2%	963	70.8%	248	32.0%	526	68.0%	811	29.2%	1963	70.8%
Total number of offers	121	28.4%	291	70.6%	206	27.8%	535	72.2%	148	28.6%	369	71.4%	475	28.4%	1195	71.6%
Participation (at 30 June 16)	55	29.2%	125	69.4%	397	29.2%	963	70.8%	148	28.6%	369	71.4%	600	29.2%	1457	70.8%
ADFA Postgraduate																
Number of applications	66	19.7%	269	80.3%	76	11.5%	586	88.5%	65	19.3%	272	80.7%	207	15.5%	1127	84.5%
Total number of offers	58	20.1%	231	79.9%	71	11.8%	532	88.2%	58	20.8%	221	79.2%	187	16.0%	984	84.0%
Participation (at 30 June 16)	58	20.1%	231	79.9%	71	11.8%	532	88.2%	58	20.8%	221	79.2%	187	16.0%	984	84.0%
Chief of Defence Force Fellowship																
Number of applications	0	0.0%	2	100.0%	3	42.9%	4	57.1%	6	100.0%	0	0.0%	9	60%	6	40.0%
Total number of offers	0	-	0	-	0	0.0%	1	100.0%	0	-	0	-	0	0%	1	100.0%
Participation (at 30 June 16)	0	-	0	-	0	0.0%	1	100.0%	0	-	0	-	0	0%	1	100.0%

Source: Defence Learning Branch (ADFA Postgraduate and Air Force DASS), Director General Navy People (Navy DASS); Director General Personnel Army (Army DASS), Centre for Defence and Strategic Studies (CDF Fellowship)

Notes

1. Data refers to Permanent ADF members only
2. Figures related to calendar year 2016 so includes data from the first half of 2016 only. Army participation figures for DASS include total participating in DASS as at 30 June 2016 (including those studying from a previous year) For Navy figures relate to FY 2015-16.
3. Number of applications includes late applications, which are not accepted unless a member submits a 'Request for Review' and this is approved (ADFA Post Graduate data and Air Force DASS)
4. Number of offers equates to funded applications. This number changes due to student withdrawals, and additional release of funds to waitlisted applicants (ADFA Post Graduate data and Air Force DASS)

Each Service offers fully-funded, long-term schooling opportunities at different levels across the Australian Qualification Framework (AQF) and across disciplines. The study of offer includes undergraduate and postgraduate opportunities, languages, the Capability and Technology Management College at ADFA, Manpower Systems Analysis, Chief of Defence Force and Service-specific scholarships, law, medicine, nursing and dentistry. ADF members may also study under the Defence Assisted Study Scheme (DASS) through the funding arrangements of that program.

⁹ Caution should be exercised in interpreting individual Service figures noting small overall numbers of women.

Table 21 shows the number and proportion of female and male ADF members who applied and were given offers for either the Defence Assisted Study Scheme (DASS), postgraduate study through the Australian Defence Force Academy (ADFA) or the Chief of Defence Force Fellowship. The proportion of women in the assisted study scheme is well above the proportion of women in the workforce for all Services, while the proportion of women undertaking ADFA postgraduate study is approximately the same (within 4.0 per cent) as the proportion of women in the workforce for each Service.

Other Service education programs

A further range of education programs are provided within each of the Services, providing more opportunities for both women and men to gain invaluable experience and education during their career in the ADF. Some of these programs are discussed below.

Navy

Table 22 shows the number and proportion of men and women undertaking three additional education programs that Navy offers to its members. These include the Rear Admiral (RADM) Holthouse Memorial Fellowship, Civil Schooling and Women in the Masters of Business Administration (MBA) program (WiMBA). These academic scholarships are tied to talent development programs; only the WiMBA 'Look to the Future' is gender-specific. Navy partners with the Macquarie Graduate School of Management to aid gender balance through the MBA scholarship and talent pathway to leadership positions. The Holthouse scholarship fosters independent debate on engineering issues and is funded by the Industry Defence and Security Australia Limited (formerly Maritime Limited Australia). The inaugural scholarship was advertised and selected in FY 15-16 and offered to a female for study in FY 16-17.

Table 22: Other Education Programs (Navy), 2016^{[1][2]}

Other Education Programs	Navy			
	Women	%	Men	%
RADM Holthouse Memorial Fellowship				
Number of applications	2	18.2%	9	81.8%
Total number of offers	1	100.0%	0	0.0%
Participation (at 30 June 16)	0	0.0%	0	0.0%
Civil Schooling for Navy People				
Number of applications	52	32.7%	107	67.3%
Total number of offers	48	31.0%	107	69.0%
Participation (at 30 June 16)	47	32.6%	97	67.4%
"Women in Masters of Business Administration"				
Number of applications	2	100.0%	0	0.0%
Total number of offers	2	100.0%	0	0.0%
Participation (at 30 June 16)	2	100.0%	0	0.0%

Source: Director General Navy People

Notes:

1. Figures include Permanent Navy only.

2. Data relates to calendar year 2016 so includes data from the first half of 2016 only.

Figures show strong female participation in each of these education programs. The proportion of women participating in civil schooling (32.6 per cent) was also well above overall female representation in the Navy and

figures show that all but four applicants who applied for the scheme were offered a placement. Two Navy women were also participating in the Women in the Masters of Business Administration program as at 30 June 2016.

Army

Army provides a range of Long Term Schooling (LTS) opportunities which are linked to employment within Army trades or categories. These LTS opportunities are dependent on the rank and trade required to undertake the course and therefore influenced heavily by the gender participation in those areas. These LTS serials are selected on merit as part of the annual career management cycle.

Table 23 shows the number and proportion of men and women undertaking a range of additional education programs that Army offers to its members. These include overseas training, language training and civil schooling for Army Officers, as well as a range of graduate diplomas that are Corp or trade specific and therefore are available to a limited number of Other Rank members.

Table 23: Other Education Programs (Army), 2016 ^{[1][2][3]}

Other Education Programs	Army			
	Women	%	Men	%
Long Term Training - Overseas (Officers)				
Number of applications	-	-	-	-
Total number of offers	-	-	-	-
Participation (at 30 June 16)	5	11.6%	38	88.4%
Long Language Training (Officers)				
Number of applications	-	-	-	-
Total number of offers	-	-	-	-
Participation (at 30 June 16)	2	9.5%	19	90.5%
Long Term Civil Schooling (Officers)				
Number of applications	-	-	-	-
Total number of offers	-	-	-	-
Participation (at 30 June 16)	9	31.0%	20	69.0%
Graduate Diploma in Occupational Health and Safety (Other Ranks)				
Number of applications	1	50.0%	1	50.0%
Total number of offers	1	50.0%	1	50.0%
Participation (at 30 June 16)	1	50.0%	1	50.0%
Graduate Diploma in Geodetic Information Science (Other Ranks)				
Number of applications	0	0.0%	6	100.0%
Total number of offers	0	0.0%	2	100.0%
Participation (at 30 June 16)	0	0.0%	2	100.0%
Graduate Diploma in Project Management (Other Ranks)				
Number of applications	0	0.0%	2	100.0%
Total number of offers	0	0.0%	1	100.0%
Participation (at 30 June 16)	0	0.0%	1	100.0%
Graduate Diploma in Information Systems (Other Ranks)				
Number of applications	0	0.0%	3	100.0%
Total number of offers	0	0.0%	2	100.0%
Participation (at 30 June 16)	0	0.0%	2	100.0%
Graduate Diploma in Information Technology (Other Ranks)				
Number of applications	0	0.0%	2	100.0%
Total number of offers	0	0.0%	1	100.0%
Participation (at 30 June 16)	0	0.0%	1	100.0%

Source: Career Management - Army

Notes:

1. Figures include Permanent Army only.
2. Other Rank educational opportunities are Corps and trade specific therefore are only available to a limited number of Other Rank members. Graduate Diploma in Occupational Health and Safety are available to Sergeant - Warrant Officer Class 1 Royal Australian Army Medical Corps (Preventative Medical Technicians), Graduate Diploma in Geodetic Science is available to Sergeant - Warrant Officer Class 2 Royal Australian Engineers (Geodetic Intelligence Technicians).
3. Application and offer data is excluded for Long Term Training Overseas – Officers, Long Language Training - Officers and Long Term Civil Schooling as selection is not conducted through an application / approval process.

Figures show strong female representation in civil schooling opportunities, with 31 per cent of participants being female. This is well above the overall female representation in the Army Officer workforce of 16.5 per cent. There were lower levels of female representation in overseas and language training (11.6 per cent and 9.5 per cent respectively) and all but one Other Rank participant across the range of Graduate Diploma courses available was male due to opportunities being linked to Corps and Trade.

Air Force

The Chief of Air Force Fellowship is selected by Chief of Air Force from Flight Sergeant to Wing Commander applicants. The aim of the CAF Fellowship Program is to produce personnel with a broad education on air power strategy and national security issues, who will develop the skills to contribute more directly to the air power debate in Australia. Table 24 refers.

Table 24: Other Education Programs (Air Force), 2016 ^[1]

Other Education Programs	Air Force			
	Women	%	Men	%
CAF Fellowship 2016				
Number of applications	1	25.0%	3	75.0%
Total number of offers	1	100.0%	0	0.0%
Participation (at 30 June 16)	1	100.0%	0	0.0%

Source: Directorate of Personnel - Air Force

Note:

1. Figures include Permanent Air Force only

As at 30 June 2016, the only participant undertaking the CAF Fellowship was a female. Over the last five years, all Chief of Air Force Fellowship recipients have been female. A male has been selected for 2017.

Progress towards success

Female representation in Civil Schooling is strong across Navy and Army. Areas for improvement include encouraging females to apply for educational opportunities, particularly in emerging Science, Technology, Engineering and Mathematics (STEM) initiatives across the Department.

Career breaks

In 2015-16 Defence had in its policy the ability for members to take Leave Without Pay¹⁰ allowing members to take breaks from duty when they wish to continue their service but no other leave type meets their needs.

Tables 25 to 27 show the number of women and men at each rank who have returned from a career break in 2015-16. Such a break has been defined as a continuous period of annual leave, leave without pay, or long service leave of three months or longer, followed by three months of active duty. Those who took leave but then transitioned to Reserve service or separated from the military are not included; only those retained in the ADF for at least three

¹⁰ Policy: PACMAN Volume 1, Chapter 5, Part 8 – Leave Without Pay

months after their return from leave are considered to have been on a career break.

Table 25: Navy members retained after taking a career break of three months or more, 2015–16 ^{[1][2][3][4]}

Rank	Number and Proportion of Women and Men Taking Career Breaks at each Rank (Retained only)			
	Women	%	Men	%
Admiral (O10)	-	-	-	-
Vice Admiral (O09)	-	-	-	-
Rear Admiral (O08)	-	-	-	-
Commodore (O07)	-	-	-	-
Captain (O06)	1	100.0%	0.0%	1
Commander (O05)	0	0.0%	3	100.0%
Lieutenant Commander (O04)	3	21.4%	11	78.6%
Lieutenant (O03)	3	20.0%	12	80.0%
Sub Lieutenant (O02)	-	-	-	-
Acting Sub Lieutenant (O01)	-	-	-	-
Midshipman (O00)	0	0.0%	1	100.0%
Warrant Officer (E09 & E10)	0	0.0%	3	100.0%
Chief Petty Officer (E08)	3	20.0%	12	80.0%
Petty Officer (E06)	3	33.3%	6	66.7%
Leading Seaman (E05)	5	27.8%	13	72.2%
Able Seaman (E03)	4	28.6%	10	71.4%
Seaman (E02)	-	-	-	-
Seaman * (E01)	1	100.0%	0	0.0%
Recruit (E00)	2	100.0%	0	0.0%
Total	25	26.0%	71	74.0%

Source: Defence HR system.

Notes:

1. Figures include members who took a continuous period of leave for three months or longer, and who remained in the Service for at least three months after returning from leave.
2. Leave types include long service leave, forced annual leave and leave without pay.
3. Figures exclude members who took a leave break but were subsequently discharged.
4. Figures exclude members who took any form of paid maternity or parental leave in the 18 months before the first date of leave.

Table 26: Army members retained after taking a career break of three months or more, 2015–16^{[1][2][3][4]}

Rank	Number and Proportion of Women and Men Taking Career Breaks at each Rank (Retained only)				Total
	Women	%	Men	%	
General (O10)	-	-	-	-	-
Lieutenant General (O09)	-	-	-	-	-
Major General (O08)	-	-	-	-	-
Brigadier (O07)	0	0.0%	1	100.0%	1
Colonel (O06)	0	0.0%	3	100.0%	3
Lieutenant Colonel (O05)	5	22.7%	17	77.3%	22
Major (O04)	10	15.6%	54	84.4%	64
Captain (O03)	18	31.0%	40	69.0%	58
Lieutenant (O02)	4	57.1%	3	42.9%	7
Second Lieutenant (O01)	-	-	-	-	-
Officer Cadet (O00)	0	0.0%	1	100.0%	1
Warrant Officer Class 1 (E09 & E10)	3	12.0%	22	88.0%	25
Warrant Officer Class 2 (E08)	8	13.8%	50	86.2%	58
Staff Sergeant (E07)	-	-	-	-	-
Sergeant (E06)	3	6.1%	46	93.9%	49
Corporal (E05)	9	12.2%	65	87.8%	74
Lance Corporal (E04)	6	35.3%	11	64.7%	17
Private Proficient (E03)	4	7.1%	52	92.9%	56
Private (E02)	1	50.0%	1	50.0%	2
Private Trainee (E01)	1	100.0%	0	0.0%	1
Recruit (E00)	-	-	-	-	-
Total	72	16.4%	366	83.6%	438

Source: Defence HR system

Notes:

1. Figures include members who took a continuous period of leave for three months or longer and who remained in the Service for at least three months after returning from leave.
2. Leave types include long service leave, forces annual leave and leave without pay.
3. Figures exclude members who took a leave break but were subsequently discharged.
4. Figures exclude members who took any form of paid maternity or parental leave in the 18 months before the first date of leave.

Table 27: Air Force members retained after taking a career break of three months or more, 2015–16^{[1][2][3][4]}

Rank	Number and Proportion of Women and Men Taking Career Breaks at each Rank (Retained only)				
	Women	%	Men	%	Total
Air Chief Marshal (O10)	-	-	-	-	-
Air Marshal (O09)	-	-	-	-	-
Air Vice-Marshal (O08)	-	-	-	-	-
Air Commodore (O07)	-	-	-	-	-
Group Captain (O06)	1	50.0%	1	50.0%	2
Wing Commander (O05)	1	25.0%	3	75.0%	4
Squadron Leader (O04)	4	33.3%	8	66.7%	12
Flight Lieutenant (O03)	6	30.0%	14	70.0%	20
Flying Officer (O02)	1	100.0%	0	0.0%	1
Pilot Officer (O01)	0	0.0%	1	100.0%	1
Officer Cadet (O00)	0	0.0%	2	100.0%	2
Warrant Officer (E09 & E10)	0	0.0%	8	100.0%	8
Flight Sergeant (E08)	0	0.0%	6	100.0%	6
Sergeant (E06)	5	26.3%	14	73.7%	19
Corporal (E05)	4	12.1%	29	87.9%	33
Leading Aircraftman/Woman (E03)	4	15.4%	22	84.6%	26
Aircraftman/Woman (E02)	-	-	-	-	-
Aircraftman/Woman Trainee (E01)	-	-	-	-	-
Aircraftman/Woman Recruit (E00)	-	-	-	-	-
Total	26	19.4%	108	80.6%	134

Source: Defence HR system.

Notes:

- 1 Figures include members who took a continuous period of leave for three months or longer; and who remained in the Service for at least three months after returning from leave.
2. Leave types include long service leave, forces annual leave and leave without pay.
3. Figures exclude members who took a leave break but were subsequently discharged.
4. Figures exclude members who took any form of paid maternity or parental leave in the 18 months before the first date of leave.

Figure 7: Percentage of career breaks taken by women and men, by Service, 2015–16

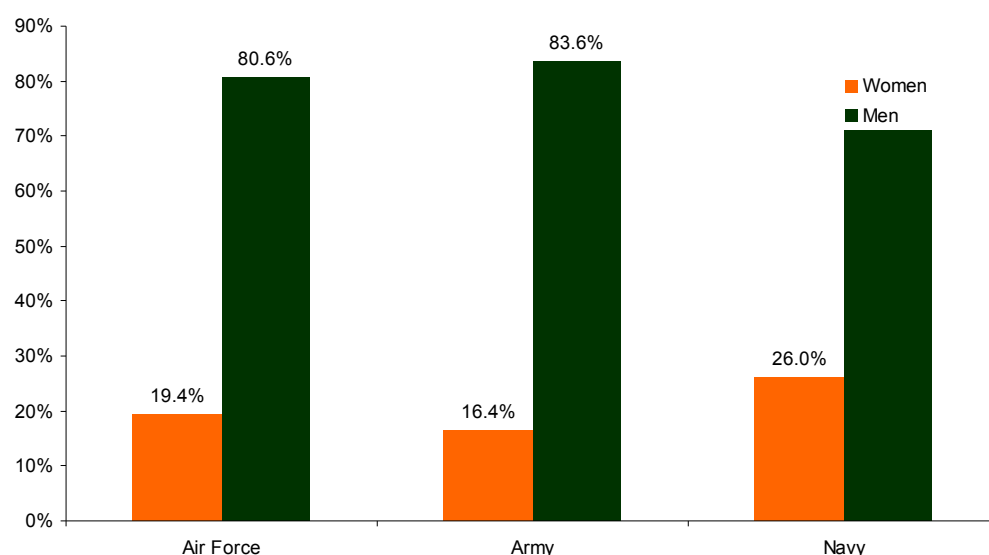


Figure 7 charts the proportion of career breaks taken by women and men by Service. In each Service, the proportion of career breaks taken by women is higher than the proportion of women in Navy and Army (Navy 19.1 per cent, Army 12.1 per cent) and similar to the proportion of women in Air Force (19.2

per cent). As might be expected, members at very junior and very senior ranks are less likely to take career breaks.

Compared with figures for 2014–15, there was an increase in the overall number of members taking career breaks across all three Services with this increase most pronounced in Air Force (an increase of 32.7 per cent) and Army (an increase of 25.1 per cent). This was largely due to a rise in the number of men taking career breaks in 2015–16, with a small reduction in the proportion of women taking career breaks in Navy (1.3 per cent) and Army (1.9 per cent) and a larger reduction in Air Force (14.3 per cent).

Progress towards success

While there were reductions in the number of women taking career breaks they are still comparable to the proportion of women within each of the Services. Continued efforts need to be maintained in supporting a workforce framework that makes it acceptable to take career breaks.

Chapter 3: Performance, Talent and Career Management

We will know we have reached success in gender diversity and inclusion in Performance, Talent and Career Management when:

- women are promoted at the same rate as men
- women are provided with equal opportunity to develop as leaders and to prepare for promotion.
- gender representation on promotion boards is 40:40:20 or when there is at least one female representative on all promotion boards, with a preference towards having a gender balance.
- an increasing proportion of women are involved in mentoring, sponsorship and networking programs.
- satisfaction with career management is comparable between women and men.
- the number of women in key representational appointments is proportional to those eligible for these roles.
- the contribution of women and men is valued and recognised equitably.
- women are able to achieve their full potential through the removal of cultural barriers to reaching the most senior leadership positions.

All of the above metrics also relate to KPI 4.

The adoption of a well defined performance, talent and career management system which builds on and leverages organisational diversity is a key priority for Defence. The Defence Diversity and Inclusion Strategy 2012-2017 highlights the importance of providing women with targeted career management, skilling, coaching and mentoring to ensure a higher representation of women in supervisory, management and senior leadership roles¹¹. There are a broad range of factors that have been identified as being central to improving gender diversity and inclusion in performance, talent and career management, including promotion outcomes for women. These include the ability of women to develop as leaders through opportunities such as mentoring, sponsorship and networking programs, as well as participation on key leadership development courses and in key representational appointments. Further, targeted career management, improved representation of women as promotion board members, as well as removal of cultural barriers preventing women from reaching their full potential are all critical to success.

This section examines these issues in more detail, as well as the extent to which women have been recognised for their contribution to Defence through the Honours and Awards system.

¹¹ Defence Diversity and Inclusion Strategy 2012-17, p 15.

ADF promotions

Table 28: ADF permanent force promotions (number and proportion of women and men substantively promoted to each rank), 2015–16 ^{[1][2][3][4][5][6][7][8]}

	Navy					Army					Air Force					ADF				
2015-16	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%
Officers																				
General (E) (O10)	0	-	0.0%	0	-	0	-	0.0%	0	-	0	-	0.0%	0	-	0	-	0.0%	0	-
Lieutenant General (E) (O09)	0	-	0.0%	0	-	0	-	0.0%	0	-	0	0.0%	0.0%	1	100.0%	0	0.0%	0.0%	1	100.0%
Major General (E) (O08)	0	0.0%	0.0%	3	100.0%	0	0.0%	0.0%	2	100.0%	2	50.0%	50.0%	2	50.0%	2	22.2%	22.2%	7	77.8%
Brigadier (E) (O07)	1	10.0%	-40.0%	9	90.0%	3	23.1%	10.6%	10	76.9%	3	25.0%	25.0%	9	75.0%	7	20.0%	0.0%	28	80.0%
Colonel (E) (O06)	2	13.3%	0.0%	13	86.7%	6	19.4%	13.1%	25	80.6%	5	20.0%	3.3%	20	80.0%	13	18.3%	7.5%	58	81.7%
Lieutenant Colonel (E) (O05)	7	22.6%	12.2%	24	77.4%	19	26.8%	9.1%	52	73.2%	9	16.4%	-6.7%	46	83.6%	35	22.3%	4.2%	122	77.7%
Major (E) (O04)	20	23.3%	5.6%	66	76.7%	46	18.7%	3.9%	200	81.3%	30	21.9%	4.3%	107	78.1%	96	20.5%	4.2%	373	79.5%
Total Officers	30	20.7%	3.9%	115	79.3%	74	20.4%	6.1%	289	79.6%	49	20.9%	2.9%	185	79.1%	153	20.6%	4.6%	589	79.4%
Other Ranks																				
Warrant Officer Class 1 (E) (E10 and E09) ^[3]	4	16.7%	1.7%	20	83.3%	5	7.6%	-4.2%	61	92.4%	5	11.1%	-2.4%	40	88.9%	14	10.4%	-2.6%	121	89.6%
Warrant Officer Class 2 (E) (E08)	7	9.5%	-4.5%	67	90.5%	13	7.7%	-0.9%	156	92.3%	11	12.5%	1.0%	77	87.5%	31	9.4%	-1.5%	300	90.6%
Sergeant (E) (E06)	30	18.6%	-1.0%	131	81.4%	26	7.6%	-5.1%	317	92.4%	30	20.4%	5.2%	117	79.6%	86	13.2%	-2.0%	565	86.8%
Corporal (E) (E05)/Lance Corporal (E04) ^[4]	68	18.1%	-4.9%	308	81.9%	180	10.5%	0.2%	1,529	89.5%	72	24.9%	5.2%	217	75.1%	320	13.5%	0.0%	2,054	86.5%
Total Other Ranks	109	17.2%	-3.4%	526	82.8%	224	9.8%	-0.7%	2,063	90.2%	118	20.7%	4.3%	451	79.3%	451	12.9%	-0.6%	3,040	87.1%
Total ADF Permanent	139	17.8%	-2.1%	641	82.2%	298	11.2%	0.3%	2,352	88.8%	167	20.8%	4.0%	636	79.2%	604	14.3%	0.4%	3,629	85.7%

Source: Defence HR system.

Notes:

- Figures in this table show ADF permanent force members (trained force only) promoted to each rank in 2015–16.
- Only promotions to those ranks for which merit selection applies are shown (i.e. promotions to the officer ranks of O04 and above and the Other Ranks of E04 and above).
- Warrant Officer Class 1 (E) figures include Warrant Officer—Navy, Regimental Sergeant Major—Army, and Warrant Officer—Air Force.
- There are no members in the E04 rank in the Navy or Air Force.
- Percentages may not sum due to rounding.
- Delta (Δ) figures show the differences in percentage of women from 30 June 2016 to 30 June 2015.
- Cells highlighted in green indicate that the 2015–16 percentage of women was at least 5.0 per cent greater than the 2014–15 percentage of women.
- Cells highlighted in orange indicate that the 2015–16 percentage of women was at least 5.0 per cent less than the 2014–15 percentage of women.

Navy

Figure 8: Percentage of Navy officer promotions filled by women and percentage of women in ranks below, 2015–16

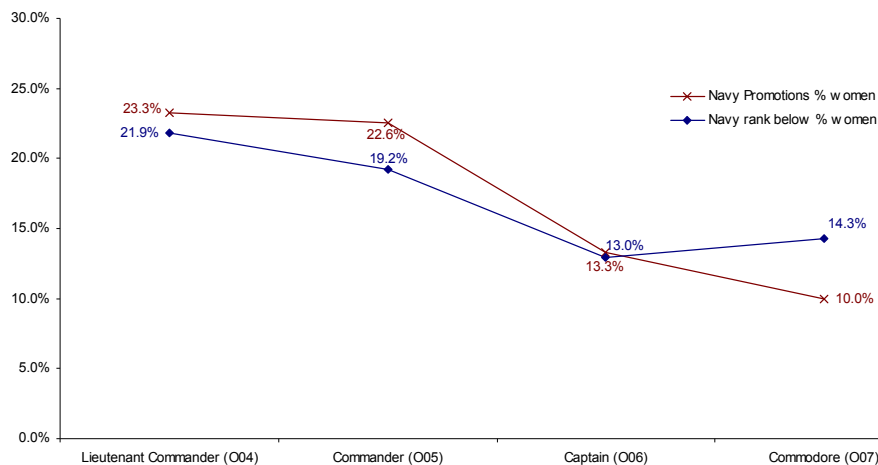


Figure 8 shows the proportion of Navy Officer promotions from Lieutenant Commander to Commodore filled by women during 2015–16. Around two in 10 (20.7 per cent) of all Navy Officer promotions were filled by women, which is slightly higher than the 2014–15 figure of 16.8 per cent. The proportion of women promoted is given context when combined with the proportion of women in the rank below. While not all Officers in the rank below are eligible for promotion, this provides a point of reference, giving some indication of whether women are suitably represented in promotions to the next level. Promotion to Lieutenant Commander, Commander and Captain levels were approximately evenly represented as a proportion of women in the rank below, with promotions to Commodore being slightly less well represented.

Figure 9: Percentage of Navy Other Ranks promotions filled by women and percentage of women in ranks below, 2015–16

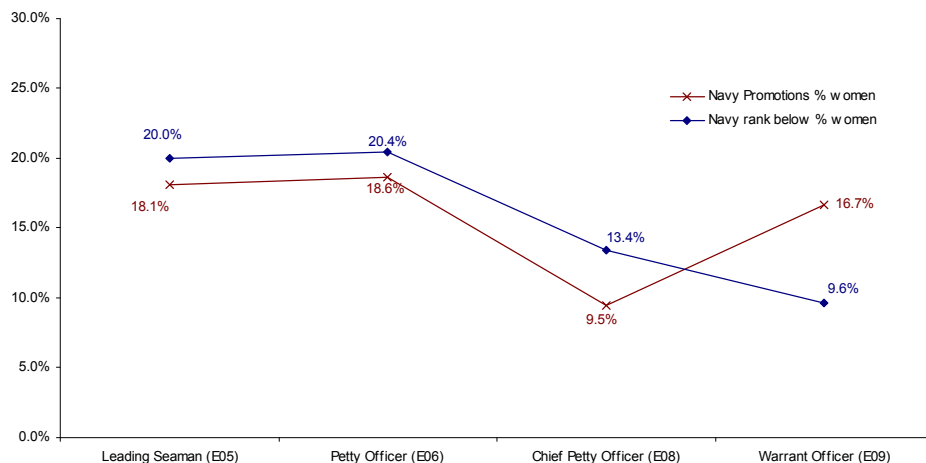


Figure 9 shows the proportion of Navy Other Ranks promotions filled by women during 2015–16. Just under two in 10 (17.2 per cent) of all Navy Other Ranks promotions were filled by women, which is slightly lower than the 2014–15 figure of 20.6 per cent. The proportion of women promoted is given context when combined with the proportion of women in the rank below. While not all members in the rank below are eligible for promotion, this provides a point of reference, giving some indication of whether women are suitably represented in promotions to the next level. Female promotions to the rank of Warrant Officer were well represented compared to the proportion of women in the ranks below, while promotions to Chief Petty Officer were slightly less well represented.

Promotions to Leading Seaman and Petty Officer ranks were approximately evenly represented.

Army

Figure 10: Percentage of Army officer promotions filled by women and percentage of women in ranks below, 2015–16

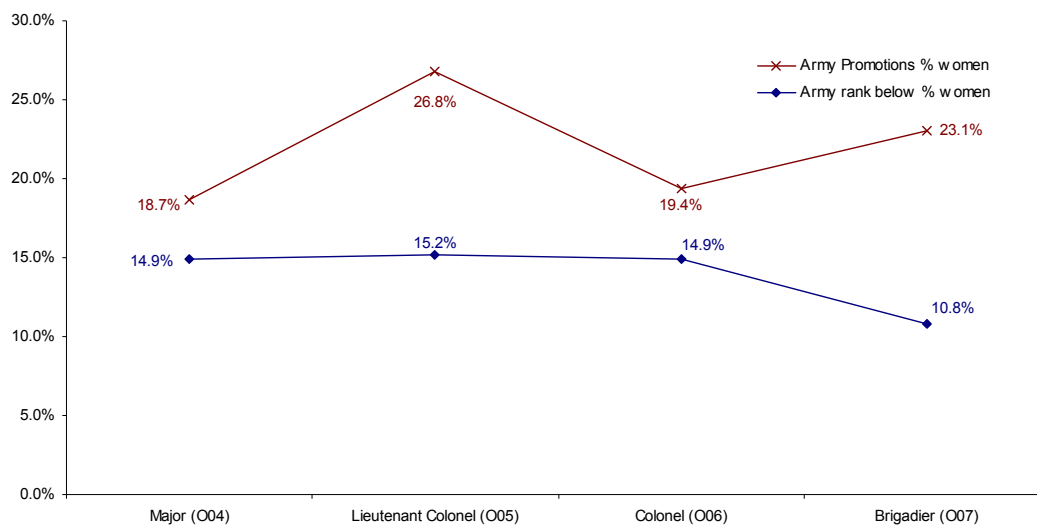


Figure 10 shows the proportion of promotions to the Army officer ranks of Major to Brigadier filled by women during 2015–16. Around two in 10 (20.4 per cent) of all Army officer promotions were filled by women, which is higher than the 2014–15 figure of 14.3 per cent. The proportion of women promoted is given context when combined with the proportion of women in the rank below. While not all members in the rank below are eligible for promotion, this provides a point of reference, giving some indication of whether women are suitably represented in promotions to the next level. While there was a trend towards strong representation of female promotions at all Officer levels compared to the proportion of women in the ranks below, promotions to Lieutenant Colonel and Brigadier saw a more prominent representation.

Figure 11: Percentage of Army Other Ranks promotions filled by women and percentage of women in ranks below, 2015–16

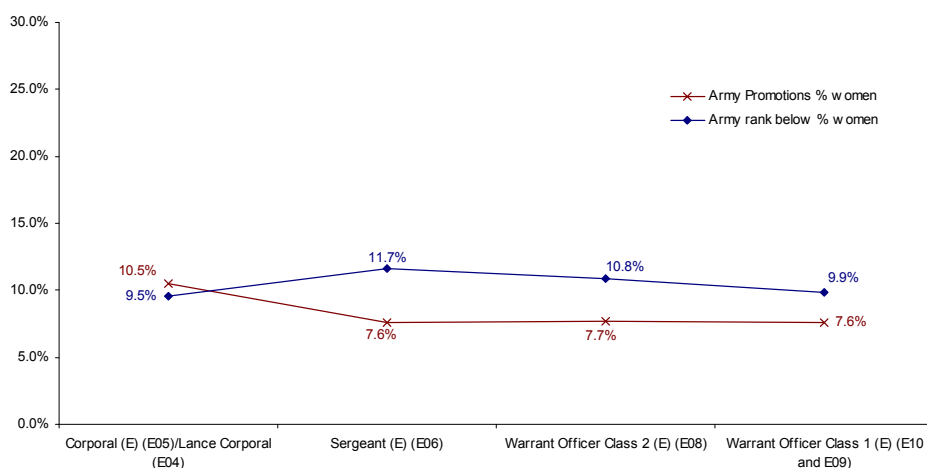


Figure 11 shows the proportion of Army Other Ranks promotions filled by women during 2015–16. Around one in 10 (9.8 per cent) of all Army Other Ranks promotions were filled by women, which is approximately the same as the 2014–15 figure of 10.5 per cent. The proportion of women promoted is given context when combined with the proportion of women in the rank below. While not all members in the rank below are eligible for

promotion, this provides a point of reference, giving some indication of whether women are suitably represented in promotions to the next level. Female promotions to each of the ranks shown were relatively similar to female participation at the ranks below, with the largest difference occurring at the Sergeant rank.

Air Force

Figure 12 shows the proportion of promotions to the Air Force officer ranks of Squadron Leader to Air Commodore filled by women during 2015–16. Approximately two in 10 (20.9 per cent) of Air Force officer promotions were filled by women in 2015–16, which is similar to the 2014–15 figure of 18 per cent. The proportion of women promoted is given context when combined with the proportion of women in the rank below. While not all members in the rank below are eligible for promotion, this provides a point of reference, giving some indication of whether women are suitably represented in promotions to the next level. Women were well represented in promotions to Air Commodore and to a lesser extent Group Captain rank when compared to female participation at the ranks below. The proportion of female promotions was relatively similar to female participation at the ranks below for Squadron Leader and Wing Commander ranks.

Figure 12: Percentage of Air Force officer promotions filled by women and percentage of women in ranks below, 2015–16

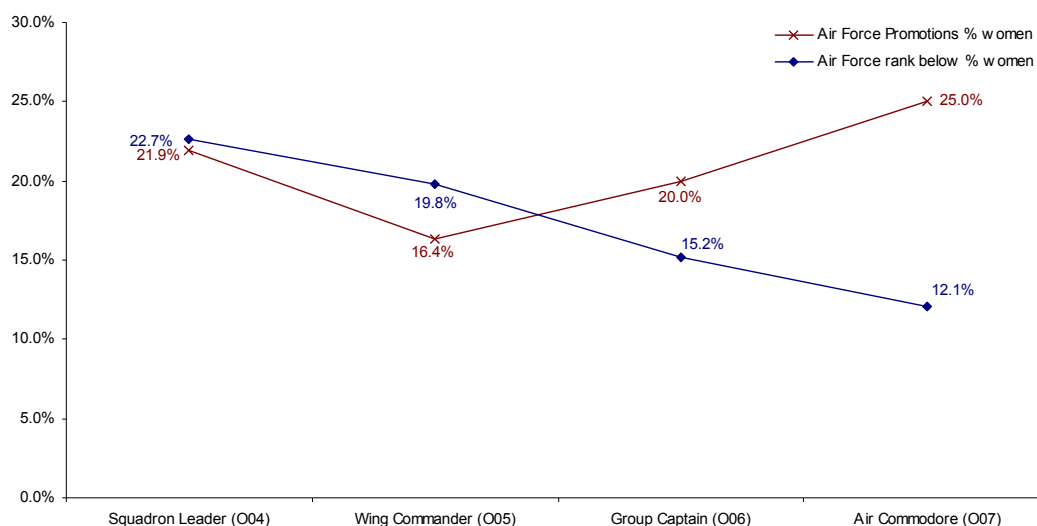
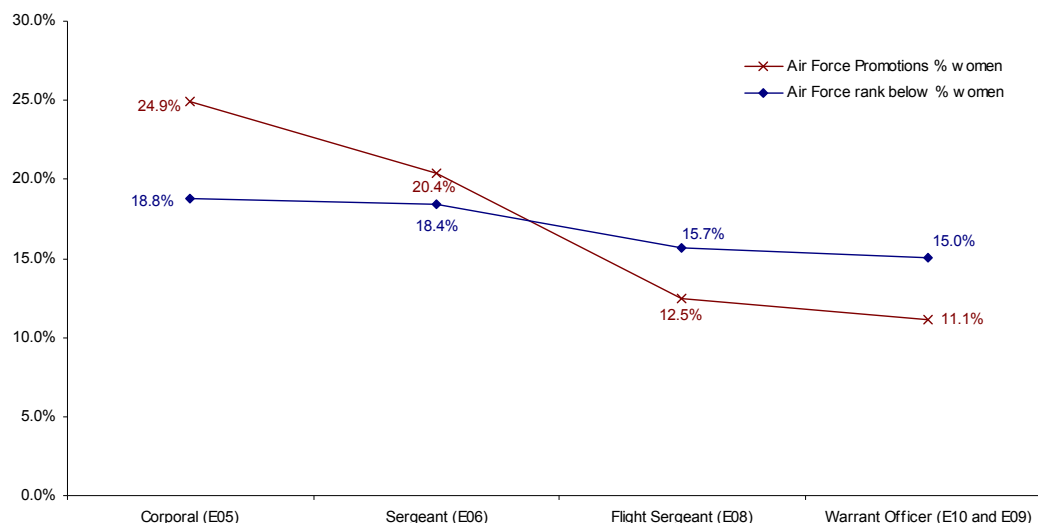


Figure 13 shows the proportion of women who were promoted to Air Force Other Ranks in 2015–16. Around two in ten (20.7 per cent) of all Air Force Other Ranks promotions were filled by women, which is slightly higher than the 2014–15 figure of 16.4 per cent. The proportion of women promoted is given context when combined with the proportion of women in the rank below. While not all members in the rank below are eligible for promotion, this provides a point of reference, giving some indication of whether women are suitably represented in promotions to the next level. Women were well represented in promotions to Corporal, however less well represented in promotions to Warrant Officer rank when compared to female participation levels at the rank below. Female promotions to Sergeant and Flight Sergeant were relatively similar to female participation at the ranks below.

Figure 13: Percentage of Air Force Other Ranks promotions filled by women and percentage of women in ranks below, 2015–16



Progress towards success

Proportionally women are represented across the majority of ranks in promotion opportunities. Continued monitoring to ensure that this is maintained is required.

Promotional Gateway Courses and Leadership Development

Navy

Selection for Command and Charge appointments are a significant career milestone for Navy Officers and selection decisions consider meeting minimum career continuum requirements for respective positions as well as leadership and potential attributes.

Selection for Australian Command and Staff College (ACSC) and the Centre for Defence and Strategic Studies (CDSS) is competitive and open to those Officers and Senior Warrant Officers who have passed through respective career requirements, and who have leadership potential. Whilst the Capability and Technology Management Program (CTMP) is similarly competitive for Officers, a strict eligibility criteria for University admission is necessary to ensure success of the individual. Being male or female is not a discriminator, however opportunities for gender diversity are an active cultural consideration.

Table 29: Navy officer promotional gateway courses and command appointments, 2015–16^{[1][2][3]}

2015-16	Proportion of Women in Competitive Pool			Representation of Women Achieved		
	Total (Women and Men)	Women	% Women	Total Places/ Appoint- ments	Women	% Women
Australian Command and Staff College (including Capability and Technology Management Program) ^[2]	575	131	22.8%	34	6	17.6%
Centre for Defence and Strategic Studies	129	16	12.4%	5	1	20.0%
Command Appointments (CAPT/CMDR)	542	67	12.4%	37	2	5.4%
Charge Appointments (LCDR)	505	111	22.0%	109	18	16.5%

Source: Director General Navy People.

Notes:

1. Figures are for the Permanent Naval Forces only.

2. Metrics for FY 15/16 are based on selection pool vice course places as per the FY 14/15 report. FY 15/16 figures more accurately reflect personnel in the target tank.

3. In the majority of cases, the selection pool for ACSC (including CTMP) consists of Lieutenant Commanders with minimum two years seniority who have completed Charge time (equivalent to sub-unit command).

Table 29 shows the proportion of female Officers in the eligible pool for selection for each appointment type, including Australian Command and Staff College (ACSC) and Capability Technical Management Program (CTMP), Centre for Defence and Strategic Studies (CDSS) and Command. Selection of ACSC (and CDSS) similarly is competitive for those personnel who have passed through respective career requirements and who have leadership potential. Whilst, CTMP is similarly competitive a strict eligibility criteria for university admission is necessary to ensure success of the individual. The representation of women at ACSC (including CTMP) was 17.6% per cent, slightly lower than the proportion of women in the competitive pool (22.8 per cent).

For CDSS, the percentage of female Officers selected was higher than the percentage of women in the eligible pool. For Command and Charge appointments, the percentage of female Officers selected fell below that within the eligible pool. Of note, the proportion of women in Command appointments declined in 2015-16, from five females in 2014-15 (13.9 per cent) to two females in 2015-16 (5.4 per cent) despite an increasing proportion of women in the competitive pool. The representation of women in Charge appointments increased however, from eight women in 2014-15 (13.1 per cent) to 18 women in 2015-16 (16.5 per cent).

Navy also panels talented sailors and Officers to undertake postgraduate studies at civilian universities to prepare for roles across a variety of career disciplines with positive impact for development and merit-based promotion. The representation of women undertaking full time study was around 60 per cent, well above the overall female representation in Navy.

Table 30: Navy Other Ranks promotional gateway to Petty Officer, Chief Petty Officer and Warrant Officer (Navy Sergeant, Warrant Officer Class 2 and Warrant Officer Class 1 equivalent), 2015–16 ^[1]

2015-16	Participation			Completions		
	Total on courses	Women	% Women	Total completions	Women	% Women
Promotion to Leading Seaman Course	338	72	21%	334	72	100.0%
Promotion to Petty Officer Course	132	29	22%	129	29	100.0%
Promotion to Chief Petty Officer Course	69	14	20%	69	14	100.0%
Promotion to Warrant Officer Course	5	0	0%	5	-	-

Source: Director General Navy People

Note:

1. Figures are for Permanent Naval Force only

Table 30 shows the proportion of women who undertook and completed Leading Seaman, Petty Officer, Chief Petty Officer and Warrant Officer Promotion courses in 2015-16. The Navy Leadership Development workshops are a crucial part of the leadership and ethics pillar of the New Generation Navy (NGN) strategy and a prerequisite for promotion. When compared to overall female participation in the applicable rank group for these courses (as a proxy), female representation on the Leading Seaman and Petty Officer courses was on par with broader female representation (i.e. female representation at the Able Seaman and Leading Seaman ranks) and female representation on the Chief Petty Officer course was particularly strong (compared to female representation at the Petty Officer rank). There were no female participants in 2015-16 on the Warrant Officer promotion course.

Army

Table 31 shows the proportion of women in leadership development opportunities including the Australian Command and Staff College (ACSC), Centre for Defence and Strategic Studies (CDSS), Capability and Technology Management Program (CTMP) and Command Appointments. These leadership development opportunities enhance individual Officer's competitiveness for promotion.

Table 31: Army officer promotional gateway courses and command appointments, 2015–16 ^{[1][2]}

2015-16	Proportion of Women in Competitive Pool			Representation of Women Achieved		
	Total (Women and Men)	Women	% Women	Total Places/ Appointments	Women	% Women
Australian Command and Staff College	188	27	14.4%	70	17	24.3%
Centre for Defence and Strategic Studies	41	5	12.2%	15	2	13.3%
Capability & Technology Management Program	155	5	3.2%	22	1	4.5%
Command Appointments	258	31	12.0%	40	6	15.0%

Source: Director General Personnel—Army.

Notes

1. Figures are for the Australian Regular Army only.

2. Completion of the Centre for Defence and Strategic Studies is normally a prerequisite for promotion to Brigadier on the Command and Leadership Pathway.

Attendance at ACSC develops Officers to undertake generalist appointments at the rank of Lieutenant Colonel. For ACSC, outcomes in 2015-16 compared to 2014-15 indicate an increase in the representation of women from 16 per cent to 24.3 per cent. This increase may be influenced in part by four female Officers who attended ACSC this year who were

selected for attendance in the previous year but due to personal circumstances or service need delayed their attendance. Attendance 'preservation' (delaying attendance due to extenuating factors) is not unique to the attendance of females with four male Officers also attending ACSC this year after being selected for attendance in the previous year. Attendance 'preservation' is a talent management initiative to ensure that Officers are afforded the developmental opportunity at a time reflective of their circumstances.

The CTMP develops Officers to undertake roles at the ranks of Captain to Lieutenant Colonel in the Capability and Project Management (CPM) Pathway which includes organisations such as the Capability Acquisition and Sustainment Group and modernisation and capability development roles within the Army Group. Army also nominates Officers to undertake the Masters of Business at ADFA to prepare for roles between the ranks of Captain to Lieutenant Colonel in the Personnel (PERS) Pathway which includes organisations such as the Defence People Group and the personnel policy and implementation roles within the Army Group.

To prepare talented Officers in the CPM and PERS Pathways for employment at the rank of LTCOL, two Officers from the CPM Pathway and two Officers from the PERS Pathway are selected annually to attend ACSC. Of the four Pathway Officers attending ACSC in 2016, three are female.

From a gender participation perspective, the CPM Pathway (MAJ-LTCOL) is undersubscribed with women (5 of 155 = 3.2%). In contrast, the PERS pathway (MAJ-LTCOL) has 35.7 per cent women (15 of 42).

For CDSS, the number of women in the competitive pool was five in 2015-16, an increase from two women in 2014-15. Two women were selected to participate, consistent with 2014-15 figures. The number of available positions increased from 11 to 15 in 2015-16, contributing to female participation figures declining from 18.2 per cent in 2015 to 13.3 per cent in 2016.

Table 32 shows the proportion of women panelled for the Joint Warrant Officers Course and Subject 1 for Sergeant.

Table 32: Army Other Ranks promotional gateways to rank of Sergeant, 2015–16^{[1][2]}

2015-16	Proportion of Women in Competitive Pool			Representation of Women Achieved		
	Total (Women and Men)	Women	% Women	Total Places/ Appointments	Women	% Women
Joint Warrant Officers Course	DTR – 16 Panelled – 16	4	25%	Panelled – 16	4	25%
Subject 1 for Sergeant	DTR – 460 Panelled – 342	39	11.4%	Panelled – 342	39	11.4%

Source: Career Management—Army.

Notes:

- Figures are for the Australian Regular Army only.
- Subject 1 for Sergeant is a promotion course that is a prerequisite for promotion to Sergeant for all Army trades. In addition, each trade has one or more additional trade-specific promotion training requirement.

The Joint Warrant Officers Course is a professional development opportunity for selected Warrant Officer Class 1 members and is not linked to conditions of service or rank progression. The current panel size is small in comparison to the competitive pool of Warrant Officer Class 1 members considered suitable to attend. As a result, selection is prioritised based on an individual's current or anticipated appointment to a strategic leadership role or within a strategically focused organisation. There is no target allocation for females attending this course.

The Subject One for Sergeant Course is the prerequisite course for promotion to Sergeant. The competitive pool is inclusive of all Corporals (women and men) in the Army panelled to attend the course due to their time in rank and prerequisite requirements being fulfilled for attendance on the Subject 1 Sergeant Course. Female and male participation is based on merit selection.

The Directorate of Soldier Career Management – Army (DSCM-A) does not have target allocations for female participation on subject courses or promotion. There is only minor variance in this area annually. DSCM-A works to achieve the directed training requirement set by Headquarters Forces Command each year; however due to current rank and trade structures this is not always achievable. Considerations for course selection and promotion are merit-based and gender-neutral enabling all soldiers, including the Army's most talented soldiers, to balance progressive and rewarding careers through a fair and transparent procedure. While the Directed Training Requirement (DTR) was reduced this year, the number of women panelled as well as female representation on this course, were similar to 2014-15.

Air Force

Table 33 shows the proportion of women in leadership development opportunities including the Australian Command and Staff College (ACSC), Centre for Defence and Strategic Studies (CDSS), Capability and Technology Management Program (CTMP) and Command Appointments. While Air Force have no promotional gateways for any officer promotions to Group Captain and beyond, these leadership development opportunities enhance individual officer's competitiveness for promotion.

Table 33: Air Force officer promotional gateway courses and command appointments, 2015–16^{[1][2][3][4][5][6][7]}

2015-16	Proportion of Women in Competitive Pool			Representation of Women Achieved		
	Total (Women and Men)	Women	% Women	Total Places/ Appointments	Women	% Women
Command and Staff College Total Pool (2)/ (Applicants/ Placements) (3)	831	171	20.6%	46	11	23.9%
Centre for Defence and Strategic Studies (Pool/ Placements)(4)	125	17	13.6%	5	0	0.0%
Capability & Technology Management Program (5)	-	-	-	4	0	0.0%
Command Appointments (WGCDR) (Pool/ Placements) (6)	495	74	14.9%	90	15	16.7%
Command Appointments (GPCAPT) (Pool/ Placements) (7)	114	15	13.2%	26	1	3.8%

Source: Director General Personnel—Air Force.

Notes:

- Figures are for the Permanent Air Force only.
- The competitive pool includes Squadron Leaders with greater than two years of seniority with effect 1 January 2016, who have not completed Command and Staff College.
- Command and Staff College includes applicants who applied for Australian and Overseas colleges. Command and Staff College positions are a career management selection with members able to show interest via their Career Manager.
- The competitive pool includes Group Captains who have not completed Centre for Defence and Strategic Studies courses.
- The Capability and Technology Management Program is a Squadron Leader course, however members from Flight Lieutenant to Wing Commander can be placed on the course. Accordingly, it is difficult to define the competitive pool.
- The competitive pool includes Wing Commanders, excluding those who have already held an O05 command position (repeat command tours can be an option, although not usual).
- The competitive pool includes Group Captains less those who have already held an O06 command position (repeat command tours unlikely).

Successful completion of ACSC (Australian and overseas equivalent) is not a prerequisite to promotion to Wing Commander or for selection to command. Nevertheless, achievement of this qualification does favourably influence promotion and command selection. The number of women undertaking ACSC increased to 23.9 per cent of placements (11 female participants) in 2015-16, up from 11.6 per cent of placements (five female participants) in 2014-15.

Importantly, the Air Force has been continuing to progressively remove unnecessary barriers to promotion since 2007. As such, highly talented Officers who may have missed out on selection to attend ACSC but who perform well and show potential, continue to be competitive for promotion and command. The number of women in O5 Commanding Officer positions has increased since 2014-15, from 13.8 per cent of appointments to 16.7 per cent of appointments in 2015-16.

Subsequent promotion to Group Captain is influenced primarily by performance in a command role rather than completion of ACSC. The number of women holding Group Captain command roles remains unchanged since 2014-15 and is still relatively low. Largely, these positions are specialist flying and engineering roles and there is a low proportion of women in the competitive pool. As initiatives for the recruitment, career management and progression of women mature, particularly those in place to encourage more females into employment groups where females may not traditionally have high participation rates, it is expected that the competitive pool will increase with a subsequent increase in women holding Group Captain commands.

There were no female Air Force participants on the CDSS course (down from three participants in 2014-15) or the CTMP course in 2015-16. While Air Force plans to ensure women attend CDSS, there are sometimes workforce pressures that preclude attendance. We must balance the professional development opportunities and capability outcomes we are trying to achieve. Air Force does not consider CDSS as a promotion gateway, although we do acknowledge the overall value of the course. It should be noted that only five positions are available to Air Force annually, equating to only three per cent of our Group Captain pool.

Table 34 shows female participation on the Joint Warrant Officers Course. There was one female Air Force member on the course in 2015-16.

Table 34: Air Force Other Ranks promotional gateway course, 2015-16 ^[1]

2015-16	Proportion of Women in Competitive Pool			Representation of Women Achieved		
	Total (Women and Men)	Women	% Women	Total Places/Appointments	Women	% Women
Joint Warrant Officers Course	-	-	-	6	1	16.7%

Source: DG Pers Air Force

Notes:

1. Figures relate to Permanent Air Force members only.

The Joint Warrant Officer course positions are a career management selection with members able to show interest via their Career Manager.

Progress towards success

In 2015-16 women and men are provided with similar opportunities for promotion courses and each of the three Services offer mentoring and leadership opportunities for women. Continued support is required to ensure that women in the pool remain competitive.

Representation of Women on Promotion Boards

Table 35 and 36 show the proportion of women and men on each of the Service's promotion boards in 2015-16 as well as the proportion of boards which had at least one female board member.

Navy

Table 35: Number and proportion of women and men on promotion boards, 2015-16^{[1][2][3][4][5][6]}

Promotion Boards	Navy ^[3]					Army ^{[4][5]}					Air Force				
	No. of Boards	Women	%	Men	%	No. of Boards	Women	%	Men	%	No. of Boards	Women	%	Men	%
Officers	18	30	27.5%	79	72.5%	6	8	16.3%	41	83.7%	103	18	30.5%	41	69.5%
Other Ranks	26	26	33.3%	52	66.7%	168	112	22.0%	396	78.0%	121	27	32.5%	56	67.5%
Total	44	56	29.9%	131	70.1%	174	120	21.5%	437	78.5%	224	45	31.7%	97	68.3%

Source: Navy People Career Management Agency, Career Management - Army, Directorate of Personnel - Air Force

Notes:

1. Data refers to Permanent ADF members only.
2. Navy and Air Force figures relate to promotion boards only. Army figures relate to Personnel Advisory Committees (PAC) and include data in relation to promotions as well as appointments and postings.
3. Navy figures for 'Other Ranks Promotion Boards' relate to Chief Petty Officer to Warrant Officer promotions only. Promotions to Able Seaman, Leading Seaman and Petty Officer ranks are not processed through the promotion board system. The total number of Navy men and women who participated on promotion boards has been included. Members have been counted once even if they have been involved in multiple boards.
4. Army Other Rank Personnel Advisory Committees figures include all Target rank, Regimental Sergeant Major and Special Personnel Advisory Committees (excluding overseas and educational Personnel Advisory Committees).
5. For Army Officers Personnel Advisory Committees, women are represented on boards at twice the rate of female participation as Army Officers. Board member ship is a significant undertaking and there is a clear intent to not overtask those females.
6. There is at least one female on every Air Force promotion board.

Table 36: Number and proportion of promotion boards with at least one female board member, 2015-16^{[1][2][3][4]}

Promotion Boards	Navy			Army ^{[3][4]}			Air Force			ADF		
	No. with at least one female member			No. with at least one female member			No. with at least one female member			No. with at least one female member		
	No. of Boards		%	No. of Boards		%	No. of Boards		%	No. of Boards		%
<i>Officers</i>	18	18	100.0%	6	5	83.3%	103	103	100.0%	127	126	99.2%
<i>Other Ranks</i>	26	26	100.0%	168	91	54.2%	121	121	100.0%	315	238	75.6%
Total	44	44	100.0%	174	96	55.2%	224	224	100.0%	442	364	82.4%

Source: Director General Navy People, Career Management – Army, Directorate of Personnel - Air Force

Notes:

1. Data refers to Permanent ADF members only.
2. Navy and Air Force figures relate to promotion boards only. Army figures relate to Personnel Advisory Committees (PAC) and include data in relation to promotions as well as appointments and postings.
3. Army Other Rank Personnel Advisory Committees figures include all Target rank, Regimental Sergeant Major and Special Personnel Advisory Committees (excluding overseas and educational Personnel Advisory Committees).
4. For Army Officers Personnel Advisory Committees, women are represented on boards at twice the rate of female participation as Army Officers. Board member ship is a significant undertaking and there is a clear intent to not overtask those females.

Navy

Navy policy since 2011 has been to have at least one female on every Officer and Sailor promotion board and selection board (for Command, Charge and Warrant Officer selections). In line with this policy, all Navy promotion boards in 2015-16 had at least one female member.

For Officer promotion boards, at least one of the six board members must be female. In 2015-16, 30 of the 109 Navy Officer Qualification Based Board members were female (27.5 per cent).

For Chief Petty Officer Promotion Boards (for promotion from Petty Officer to Chief Petty Officer), each board is comprised of three members, with a requirement to have both male and female members (either two females and one male or two males and one female). In 2015-16, the configuration of all Chief Petty Officer promotion boards was two males and one female member, resulting in the proportion of women on these promotion boards being 33.3 per cent.

Army

Personnel Advisory Committees (PAC) make recommendations in regards to promotions as well as appointments and postings. Accordingly, Army figures include data in relation to a broader range of boards than represented for Navy and Air Force and should not be directly compared. Current policy within Army is to seek to have female representation on all PAC's. Of the six Officer boards with eight to 10 people on Officer PACs and three on average for Other Ranks boards, five had at least one female Army member. For other rank boards, 54.2 per cent had at least one female representative.

Women comprised 16.3 per cent of member's on Officer PAC boards and 22 per cent of members on Other Rank PAC boards. Board membership is a significant undertaking and there is a clear intent to not overtask those females.

Air Force

Current policy within Air Force is that there is to be at least one female member on each promotion board. Accordingly, all Air Force promotion boards in 2015-16 had at least one female representative. Representation of women on Officer and Other Rank selection boards was similar in Air Force, with 30.5 per cent of Officer promotion board members and 32.5 per cent of Other Rank promotion board members being women.

Progress towards success

There is at least one female representative on all promotion boards in both Navy and Air Force. Army has a slightly different system and seek to have female representation on all Personnel Advisory Committees.

Mentoring, networking and sponsorship

This section outlines mentoring, networking and sponsorship programs which are available to women in the ADF. This is included to address the Review into the Treatment of Women in the ADF Phase 2 Report's recommendation 3 section A regarding access of mentoring and sponsorship.

Many ADF mentoring initiatives have been established in recent years and remain in place to provide ongoing support to both our ADF women and men. Formal networks first outlined in the 2013–14 Women in the ADF report also remain in place to support female ADF members, including: the Navy's Women's Network; the Army Regional People Forum; and the Air Force's Women's Integrated Networking Groups (WINGS) program and the Women's Forums.

The Women's Speaker Series program continues to provide both APS and ADF senior women with the opportunity to engage with a range of successful role models as an interim measure until Defence achieves a greater gender balance at senior levels. Sponsorship pertaining to the leadership development and education sponsorship programs through which Defence supports its staff continues. Service-specific detail on mentoring, networking and sponsorship initiatives is provided below.

Navy

Navy Women's Mentoring Programs

Since 2010, Navy has run a Navy Women's Mentoring Program using the *My Mentor – Courageous Woman* as produced by Emberin Pty Ltd (Ms Maureen Frank). *My Mentor* is a personal and professional self-paced program conducted over a four month period. In 2016, Navy is focusing on providing mentoring to women in the Boatswains category. Forty-seven women are currently undertaking the program, of which 13 are Boatswains. In addition, Navy has also run the *My Mentor - Inclusive Leadership* program for the supervisors of women. Collectively the Navy Women's Mentoring Program seeks to help women achieve their career potential while providing positive and useful tools, as well as increasing awareness of the importance of inclusive leadership.

Navy has also continued to support the Defence-Industry *Women in Engineering Mentoring Program* from 2015. The Program expanded in 2016 to include project managers and engineers in defence and industry. Navy has two males and one female engineer participating as mentors in the program. Three women (two engineers and one in a project manager position) are currently being mentored.

Two Star Mentoring

Navy does not currently have a 2-Star led women's mentoring program; however, the current women's mentoring program is being reviewed to ensure it meets Navy's contemporary requirements and continues to support the objectives of increased retention of Navy women.

Navy Women's Networking Forum

The Navy Women's Networking Forum continues to grow. During 2015-16, networking forums have been held at ADFA, HMAS Ships Arunta, Harman, Cerberus (including Recruit School), Albatross and Creswell. The Shoalhaven Women's Network (combined HMA Ships Albatross and Creswell) has proved to be the most successful to date. Future forums are planned for the Submarine Force, HMAS Stirling and HMAS Cairns.

Navy Women's Leadership Program

The *Navy Women's Leadership Program* provides opportunities for Navy women to participate in leadership development programs, conferences and seminars around Australia each year. The Program is designed to enhance female leadership in the Navy as well as empowering and supporting future leaders. The 2015-16 program provided the opportunity for over 170 women to participate in conferences, leadership development programs and facilitated workshops around Australia. Twelve places were made available for women to attend the *Great Leaders are Made (GLAM)* program run by Avril Henry Pty Ltd.

Macquarie Graduate School of Management

In November 2014, Navy partnered with the Macquarie Graduate School of Management's (MGSM) *Women in MBA (WiMBA)* program. As one of five foundation partners, the Navy has offered two Maritime Warfare Officers the opportunity to complete an MBA under the Scholarship program in 2016. This is one of the employment groups identified by the *Review into the Treatment of Women* in the ADF Phase 2 for talent management.

Army

Mentoring (including 2 Star mentoring)

Army supports and encourages the development of mentoring relationships for the betterment of our personnel and our organisation. Army considers that mentoring relationships should develop organically, and be instigated by the mentee who seeks guidance from inspirational leaders. The development and sustainment of these relationships can be supported by resources and/or training if requested.

Army appreciates that not every individual seeks a mentor, nor does every individual have the availability to act as a mentor. As such, Army does not have a formal mentoring program. Army does not monitor, nor audit mentoring relationships that develop within Army. It is expected that a number of relationships exist where junior members are being mentored by senior members, including 2 star Officers, however Army does not seek to regulate these relationships.

Army Women's Networking Forum

The Army Women's Networking Forum was established in 2007 to provide female Army personnel with career management and policy advice relevant to service life as a woman, in addition to providing mentoring and networking opportunities. In response to forum feedback and the broadening of topics to cover areas relevant to all Army personnel, not just women, the forum was renamed the Army Regional People Forum.

Since its inception in 2007, the forum has addressed over 8,500 personnel across all of Army's key locations and has covered topics including flexible work arrangements, work life balance, Army culture, recruitment and retention, removal of gender restrictions and physical employment standards. The forum focuses on workforce engagement and includes presentations from subject matter experts, a panel discussion and small workgroups. Tangible outcomes from the conduct of the forums include the trial of an improved fit uniform for females, the development of the Flexible Work Arrangements Guide, recruitment initiatives informed by the experiences of serving members, changes to the way Army communicates with the workforce and improvements to conditions of service such as increased carer's leave provisions.

Additionally, in 2014 the forum began its role as the tactical tier of the Army Gender Diversity Council construct. Feedback gained from the forums is used to inform

discussions and recommendations at the Regional Gender and Diversity Councils and the Army Gender and Diversity Executive Council. This structure allows awareness of regional issues to be progressed to the strategic levels of Army. Army Industry and Corporate Development Program (formerly the Army Outplacement Program)

Army includes female participants in the Army Industry and Corporate Development Program, whereby a small number of Officers and Senior Non-Commissioned Officers (SNCOs) each year have the opportunity to pursue external-to-Army career placements of up to six months, immersing a selection of Army's future leaders in diverse and inclusive Government, Emergency Services, and industry environments. The program aim is to promote the management of talent and retention, and drive behavioural change in Army, thereby enhancing workplace diversity and inclusivity. It also provides an opportunity to reinforce Army as an employer of choice, while providing invaluable exposure to alternative styles of leadership, management and ways of doing business. In 2015, two female SNCOs were selected to participate in the program. While administration had commenced, these placements did not eventuate as one SNCO was withdrawn due to organisational requirement and the other is intending to separate from the ADF. Selections for the 2016/17 program are ongoing and research has commenced to gauge support from organisations with a high degree of workplace gender diversity.

Chief Executive Women's Leadership Program

Army also engages in the Chief Executive Women's Leadership Program. The program brings together women in senior leadership positions from across a diverse range of industries and sectors, and aims to enhance participants' leadership potential in future employment. Army sponsored six women in both 2014 and 2015, and are currently sponsoring a further four female participants in 2016.

Great Leaders are Made (GLAM) Program

Great Leaders are Made is a management of talent program targeted at developing and empowering highly talented women, and enhancing their management and leadership skills particularly in a male-dominated environment. Since 2013, Army has sponsored 16 women in GLAM sessions with four women participating in the 2016 program.

Air Force

Women's Integrated Networking Group (WINGs)

The Women's Integrated Networking Group (WINGs) is a facilitated networking program designed to encourage networking between Air Force women of all rank levels and employment skills. The program invites guest speakers from within Defence and external organisations to speak with Air Force women about their careers, with a dedicated theme for each session. WINGs also provides the opportunity for women to discuss issues affecting them in the workplace, while building valuable networks. The program is administered by a mix of both permanent and reserve Air Force women and is established at 14 Air Force geographical locations. Table 37 shows the approximate frequency of WINGs meetings and average number of participants per session at each Base.

Table 37: Women's Integrated Networking Group program ^[1]

Location	Average Frequency	Average participants per session
Amberley	10 weeks	17
Butterworth	12 weeks	8
Canberra	10 weeks	4
Darwin	24 weeks	10
Edinburgh	6 weeks	12
East Sale ^[1]	Variable	30
Pearce	12 weeks	14
Richmond	16 weeks	10
Tamworth	7 weeks	9
Townsville	6 weeks	19
Wagga	12 weeks	16
Williams	16 weeks	5
Williamstown	8 weeks	19

Source: Director General Personnel—Air Force.

Note:

1. Frequency varies as WINGS coordinators also present a WINGS introduction session for every course at Officer Training School.

In addition to regular WINGS sessions, coordinators have run Base-wide events over 2015–16 to mark occasions such as International Women's Day and 75th Anniversary of the WAAAF.

WINGS Technical Network (TECHNET)

A supplementary network of the WINGS program has been established to address the needs of the increasing number of women in non-traditional employment roles, with a particular focus on technical trades and aircrew. This WINGS supplementary network 'TECHNET', focuses on the unique and sometimes difficult career and workplace challenges of women in these roles. The TECHNET groups meet annually and a TECHNET newsletter is produced regularly. The TECHNET newsletter provides opportunities for role modelling, celebrating achievements, providing professional development and creating a sense of belonging.

Specialist Career Manager – Pilot

The Air Force has established a position within the Career Management Agency to oversee female pilot career management from a strategic perspective and provide subject matter expert feedback on balancing organisation and member needs. In addition, the position has been established to develop mid-level career management retention initiatives for the female pilot workforce.

Women's Forum

Air Force holds a biennial Women's Forum, to provide an opportunity for Air Force men and women to attend a professional development opportunity focusing on gender diversity and inclusion. This forum enables participants to form networks, provide feedback and contribute toward the direction of future gender initiatives. The 2016 forum is themed 'The difference I bring is the value I add' with up to 250 participants expected to attend.

Women in Aviation Aerospace Australia

Air Force has become an initiative partner with Women in Aviation Aerospace Australia (WA/AA). This network enables Air Force to have speaking and networking opportunities with women involved or interested in the industry with the intent to present Air Force as an attractive career option either to the individual or to them as an influencer.

Australian Women's Pilots Association

Air Force has sponsored membership for all Air Force female pilots to join the Australian Women's Pilot Association (AWPA). This allows our female pilots to engage with other women pilots from industry for professional growth as well as be involved in their programs and events.

Leadership Exchange Program

Air Force also runs a Leadership Exchange program, which is a professional development workshop aimed at enhancing individual leadership effectiveness. Participant eligibility in the program ranges in rank from Leading Aircraftman/woman to Squadron Leader, and includes Australian Public Service (APS) and Reserves equivalents. The mixed occupation forum allows participants to learn through effective dialogue from the leadership experience of others, based on their personal and professional experiences. The program focuses on four leadership pillars; Self Awareness and Self Development, Communication, Assertiveness and Leading Teams. The female participation rates have matched 2014-15 rates at 43%, of the 167 participants in 2015-16, 72 were women.

Talent Management Framework

Air Force has implemented a talent management framework. As part of this framework, it has engaged Hudson Global Resources to provide an Executive Leadership Coaching Program for a number of female Air Force Officers who are identified as talented. The Coaching program currently includes six high potential women Officers at the Wing Commander and Group Captain ranks and is designed to empower and support females to thrive in a male dominated environment, give the participants a sense of value in their role and position in Air Force, and minimise risk of derailment for women moving or being prepared to move into leadership positions.

Progress towards success

Opportunities for women to be involved in mentoring, sponsorship and networking programs continues to be encouraged and to grow throughout the three Services.

Career management and satisfaction

The importance of sound career management and planning for all ADF members cannot be understated. Balancing both the requirements of the Service as well as the personal circumstances and aspirations of individual members is central to ensuring ADF members are supported throughout their career and life stages.

Table 38 provides a snapshot from Defence's internal attitudinal survey, YourSay, showing perceptions of men and women, by Service, in relation to their career management.

Table 38: YourSay surveys (August 2015 and February 2016) – responses on career management in the ADF ^{[1][2][3][4]}

YourSay Survey	Navy		Army		Air Force		Total ADF	
	Women	Men	Women	Men	Women	Men	Women	Men
My career development has generally been good (% Agree/Strongly agree)	57.8%	60.0%	58.3%	59.0%	59.3%	60.4%	58.5%	59.7%
All things considered, how satisfied are you with the way your career is being managed? (% Satisfied/Very Satisfied)	39.5%	40.6%	46.7%	40.8%	43.6%	41.7%	43.4%	41.0%
All things considered, how satisfied are you with your opportunities for promotion? (% Satisfied/Very satisfied)	36.6%	39.2%	49.7%	43.9%	48.3%	41.3%	45.2%	41.8%
I have sufficient contact with the career management agency (% Agree/Strongly Agree)	49.7%	51.3%	44.3%	40.5%	44.0%	44.7%	45.8%	44.6%
I can access adequate information to manage my career (% Agree/Strongly Agree)	52.4%	57.3%	52.7%	50.4%	51.9%	53.2%	52.3%	53.1%

Source: YourSay Survey August 2015 and February 2016.

Notes

1. Data includes responses from ADF personnel.
2. Cells highlighted in green indicate that 2015-16 responses were significantly more positive than in 2014-15.
3. Cells highlighted in red indicate that 2015-16 responses were significantly less positive than in 2014-15.
4. Differences are based on statistical significance ($p < .05$) and measure of association (Cramer's $V > 0.1$).

As can be seen in Table 38, there was little difference between women and men in career satisfaction ratings on a number of attitudinally based questions. Overall just under two thirds of women and men agreed or strongly agreed that their career development had been good. Notwithstanding, just four in 10 men and women were satisfied or very satisfied with the way their career was being managed, suggesting an area for improvement for both men and women. Satisfaction with opportunities for promotion was also relatively low for both men and women across the Services, with Navy females being significantly less positive in relation to promotion opportunities in 2015-16 than in 2014-15.

Navy is actively reviewing career continuums and career management to improve career satisfaction for women. Professional development initiatives and retention incentives are in place to encourage women to stay including Flexible Workplace Arrangements (FWA), *Navy Women's Recruiting Strategy* refresh, *2014 Navy Diversity and Inclusion Strategy*, and the Total Workforce Model.

Progress towards success

Satisfaction with career management is similar for males and females, with approximately four in 10 members of both genders indicating that all things considered they were satisfied with the way their career is being managed. This remains an area for improvement through continued communication and engagement with the Career Management Agencies.

Valuing our members – Honours & Awards

Honours and awards enable Defence to reward excellence, and the achievements and outstanding service of Australian Defence Force personnel. The following honours and awards are discretionary and granted based on the merit of the service or act.

The Order of Australia (Military Division) is the principal and most prestigious means of recognising outstanding members of the Australia Defence Force. The Order recognises personnel who have demonstrated significant personal dedication in positions of responsibility or exceptional performance of duty that has resulted in long lasting benefits to the Australia Defence Force.

The Distinguished Service Decorations recognise command and/or leadership or distinguished performance of duties in warlike operations.

The Conspicuous Service Decorations recognise exceptional devotion to duty, meritorious or outstanding achievement in application of skills or judgement in non-warlike situations, including in non-warlike operations.

Each year, the National Australia Day Council invites the Department of Defence to participate in celebrating Australia Day through awarding Australia Day Medallions to Defence personnel. The Medallions are awarded in recognition of outstanding performance by individuals in the previous twelve months or noteworthy service over a number of years.

Defence Commendations are an internal recognition scheme and are awarded for superior, excellent or noteworthy achievement or application of skills, judgement or dedication to duty.

Table 39: Number and percentage of ADF women and men who received honours and awards in FY 2015-16 ^{[1][2][3][4]}

Honours & Awards	Navy				Army				Air Force				ADF			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Order of Australia (Honours & Decorations)																
Officer of the Order of Australia (AO)	0	-	0	-	1	100.0%	0	-	0	0.0%	1	100.0%	1	50.0%	1	50.0%
Member of the Order of Australia (AM)	0	0.0%	5	100.0%	0	0.0%	5	100.0%	2	18.2%	9	81.8%	2	9.5%	19	90.5%
Medal of the Order of Australia (OAM)	2	28.6%	5	71.4%	0	0.0%	10	100.0%	0	0.0%	1	100.0%	2	11.1%	16	88.9%
TOTAL	2	16.7%	10	83.3%	1	6.3%	15	93.8%	2	15.4%	11	84.6%	5	12.2%	36	87.8%
Distinguished Service Decorations (Honours & Decorations) - Operational																
Distinguished Service Cross (DSC)	0	-	0	-	0	0.0%	3	100.0%	0	0.0%	2	100.0%	0	0.0%	5	100.0%
Distinguished Service Medal (DSM)	0	-	0	-	1	50.0%	1	50.0%	0	0.0%	1	100.0%	1	33.3%	2	66.7%
Commendation for Distinguished Service	0	0.0%	1	100.0%	2	22.2%	7	77.8%	0	0.0%	7	100.0%	2	11.8%	15	88.2%
TOTAL	0	0.0%	1	100.0%	3	21.4%	11	78.6%	0	0.0%	10	100.0%	3	12.0%	22	88.0%
Conspicuous Service Decorations (Honours & Decorations) - Operational																
Conspicuous Service Cross (CSC)	0	0.0%	1	100.0%	0	0.0%	2	100.0%	1	33.3%	2	66.7%	1	16.7%	5	83.3%
Conspicuous Service Medal (CSM)	0	0.0%	2	100.0%	0	0.0%	4	100.0%	1	25.0%	3	75.0%	1	10.0%	9	90.0%
TOTAL	0	0.0%	3	100.0%	0	0.0%	6	100.0%	2	28.6%	5	71.4%	2	12.5%	14	87.5%
Conspicuous Service Decorations (Honours & Decorations) - Non Operational																
Conspicuous Service Cross (CSC)	0	0.0%	8	100.0%	3	18.8%	13	81.3%	3	16.7%	15	83.3%	6	14.3%	36	85.7%
Conspicuous Service Medal (CSM)	3	27.3%	8	72.7%	5	19.2%	21	80.8%	2	40.0%	3	60.0%	10	23.8%	32	76.2%
TOTAL	3	15.8%	16	84.2%	8	19.0%	34	81.0%	5	21.7%	18	78.3%	16	19.0%	68	81.0%
Australia Day Medallion (Honours & Decorations)																
Australia Day Medallion	8	28.6%	20	71.4%	18	21.2%	67	78.8%	4	12.9%	27	87.1%	30	20.8%	114	79.2%
Defence Commendations (Honours & Decorations)																
Gold Level	0	0.0%	3	100.0%	2	22.2%	7	77.8%	4	16.0%	21	84.0%	6	16.2%	31	83.8%
Silver Level	6	17.6%	28	82.4%	8	11.8%	60	88.2%	13	20.6%	50	79.4%	27	16.4%	138	83.6%
Bronze Level	9	18.4%	40	81.6%	9	8.1%	102	91.9%	16	25.8%	46	74.2%	34	15.3%	188	84.7%
TOTAL	15	17.4%	71	82.6%	19	10.1%	169	89.9%	33	22.0%	117	78.0%	61	15.8%	326	84.2%

Source: Defence HR system

Notes:

1. Award statistics from PMKeyS only (excludes ex-serving awards on HonSys)
2. Statistics based on 'Approval date' in PMKeyS. Not all awards have approval date
3. Victoria Cross for Australia, Star of Gallantry, Commendation for Gallantry, MUC27, MUC28 and MCU29 are zero for FY15/16
4. Of the Order of Australia Awards, only one is Operational – one female Navy OAM

Table 39 shows the number and percentage of ADF women and men who received honours and awards in 2015-16. In 2015-16, one female from Army was awarded the Officer of the Order of Australia (AO), two Air Force women were awarded the Member of the Order of Australia (AM) and two Navy females were awarded the Medal of the Order of Australia (OAM), reflecting that of those who received these highest honours, 12.2% were female.

Twelve per cent (3) of ADF members awarded a Distinguished Service Decoration (Operational) were female and all three were from Army, 12.5 per cent (2) of those who received a Conspicuous Service Decoration (Operational) were women from Air Force, and 19 per cent (16) of those who were awarded a Conspicuous Service Decoration (Non-Operational) were female, three Navy, eight Army and five Air Force. A further thirty women across the ADF were awarded the Australia Day Medallion, representing one-fifth (20.8%) of those who received this award.

Progress towards success

Across the ADF, females were comparably represented in the awarding of Honours and Decorations. Continued support and recognition of exemplary service and achievement is required.

Key representational appointments

Command is a term of cultural significance and importance across the three Services and selection for a Command or Sub-Unit Command position is viewed as a key career milestone. With Command comes key authority and responsibility for using resources effectively and for organising, directing, coordinating and controlling military forces to achieve assigned missions. Those in Command also have responsibility for the health, welfare, morale and discipline of their people¹².

Accordingly, both Command and Sub-Unit Command appointments are reflected as key representational appointments across the Services. Each Service has also identified a range of other key representational appointments for Officers within their Service. As each of the Services has a different range of key representational roles including a different range of Command and Sub-Unit Command appointments, comparison between the Services is difficult. Rather, progress in the representation of women within these roles will be better seen over time, with this year providing a base-line against which progress can be measured in future.

Navy

Table 40 shows the proportion of Navy Officer women and men in key representational roles.

Table 40: Number and proportion of Navy women and men in key representational appointments, 30 June 2016 ^{[1][2]}

Key Representational Appointments	Navy			
	Women	%	Men	%
Command appointments	2	5.4%	35	94.6%
Sub-Unit Command appointments	23	20.0%	92	80.0%
Other key representational appointments	7	43.8%	9	56.3%
Total	32	19.0%	136	81.0%

Source: Director General Navy People

Notes:

1. Data refers to Permanent Navy members only.
2. Definitions for Command, Sub-Unit Command and Other key representational appointments are included in the Report.

Command appointments within Navy are defined as Commanding Officers of both Major Fleet Units and Shore establishments. These appointments are at the Commander (O5) and Captain (O6) ranks. Just 5.4 per cent of these appointments were filled by women.

Sub-Unit Command (Charge) appointments within Navy include the Heads of Department of Major Fleet Units and Commanding Officers of Minor War Vessels. These appointments are generally at the Lieutenant Commander (O4) rank. There was a higher representation of females undertaking charge appointments in Navy, with 20 per cent of

¹² Australian Defence Doctrine Publication 00.1

appointments filled by women. Charge appointments are but one of the promotional gateway appointments for Navy women.

A greater gender balance was achieved in the smaller number of other key representational roles within Navy, with 43.8 per cent of these roles (seven of the 16 roles) filled by women. These include a range of representational roles undertaken by Navy Officers at various ranks including Flag Lieutenants and Aide-de-Camps, Defence Attaché, Naval Attaché, Assistant Defence Attaché, Assistant Naval Attaché, Military Assistant, Personal Staff Officers to Chief of Defence Force, Chief of Navy, Deputy Chief of Navy, Head Navy Capability, Head Maritime Systems and Head Navy Engineering.

Further, Table 41 highlights the range of representational positions that are available to all sailors. Sailors are required to apply for this select range of positions. Female representation rates have continued to increase in these roles.

Table 41: Number and proportion of Non-Commissioned men and women undertaking key representational positions during fiscal year 15-16^[1]

Position Details	Total Number of positions advertised	Total Number of Applications Received	Total Number of Female Applicants	Total Number of Successful Female Applicants against positions advertised
Defence Force Recruiting	23	48	14 (29%)	9 (39%)
STS Young Endeavour	5	27	8 (29%)	4 (80%)
Retinue	5	14	8 (57%)	3 (60%)
NPCMA	10	30	3 (10%)	1 (10%)
Overseas (including International Policy Division position and General)	6	61	6 (10%)	1 (16%)
Recruit School	(There are 53 selective positions at Recruit School which are periodically rotated)	28	15 (53%)	- All female applications have been successful since 01Jul15 - From January 2017, 19 of the 53 positions (36%) will be filled by females
Command Warrant Officer (WO Tier C)	0	0	0	
Ship's Warrant Officer	5	11	0	

Source: Director General Navy People

Note:

1. New information included in 2016-17. No benchmark data available.

Army

Table 42 shows the proportion of Army women and men in key representational roles.

Table 42: Number and proportion of Army women and men in key representational appointments, 30 June 2016^{[1][2]}

Key Representational Appointments	Army			
	Women	%	Men	%
Command appointments	6	13.0%	40	87.0%
Sub-Unit Command appointments	19	13.3%	124	86.7%
Other key representational appointments				
CSM	11	5.1%	203	94.9%
RSM Tier A	3	3.0%	96	97.0%
RSM Tier B	2	8.3%	22	91.7%
RSM Tier C	1	14.3%	6	85.7%
RSM Tier D	0	0.0%	1	100.0%
Total	42	7.9%	492	92.1%

Source: Career Management – Army

Notes:

1. Data refers to Permanent Army members only.

2. Definitions for Command, Sub-Unit Command and Other key representational appointments are included in the Report.

In the case of members employed in Army unit command appointments and Navy shore command appointments, the placement reflects the unique capability contribution provided by members charged with responsibility of managing significant human and capital resources. An Army unit will generally comprise 400-800 personnel, require the management and maintenance of capital equipment valuing up to \$1B, and be able to deploy independently or with augmentation by additional Army or ADF assets. A unit is also capable of deployment of its sub parts, in which case, its Commanding Officer (generally O5 rank) could be responsible for the management assets geographically dispersed in complex environments. Navy shore command would usually comprise command of a non-seagoing unit typically responsible for training or base support functions to deployed assets. These appointments involve the management of complex relationships with multiple defence and contractor agencies. They involve management of comparable numbers of personnel and/or equipment. The Navy shore commander will generally be of the O5 or O6 rank.

In the case of Army, Sub-Unit Commands are acknowledged as providing significant differential value which arises from the management of a deployable warfighting asset at a level lower than the unit level. It will necessarily involve less personnel and generally involve management of capital equipment of a lesser value than those at the unit level.

Army had similar levels of female representation in both Command and Sub-Unit Command positions, with 13 per cent of Command and 13.3 percent of Sub-Unit Command appointments filled by women as at 30 June 2016. The representation of women in Sub-Unit Command positions was effected by low levels of female representation in a number of Army Corps including Infantry, Armoured and Artillery Corps, with just one female Officer reaching the eligible window for Sub-Unit Command within these Corps. It is anticipated that as more females meet time in rank requirements across these Corps, the number of females eligible to compete for Sub-Unit Command appointments will improve.

Other key representational appointments in Army include the key soldier roles of Company Sergeant Major and Regimental Sergeant Major (Tiers A – D). There was a relatively low representation of female members within these positions as at 30 June 2016 which could increase over time due to gender restrictions.

Air Force

Table 43 shows the proportion of Air Force women and men in key representational roles.

Table 43: Number and proportion of Air Force women and men in key representational appointments, 30 June 2016^{[1][2]}.

Key Representational Appointments	Air Force			
	Women	%	Men	%
Command appointments	16	13.7%	101	86.3%
Sub-Unit Command appointments	19	10.6%	160	89.4%
Other key representational appointments	15	12.8%	102	87.2%
Total	50	12.1%	363	87.9%

Source: Directorate of Personnel – Air Force

Notes:

1. Data refers to Permanent Air Force members only.

2. Definitions for Command, Sub-Unit Command and Other key representational appointments are included in the Report.

Command positions in Air Force are at the Wing Commander (O5) or Group Captain (O6) rank and are defined by those positions that attract additional remuneration under the Graded Officer Pay Scale. Sub-Unit Command positions are at the Squadron Leader (O5) level and include Squadron Executive Officer, Senior Maintenance Manager, Operational Flight Commander as well as some Ground Flight Commander roles. In Air Force, other key representational appointments have been defined as Joint/Cross Government Agency roles such as Wing Commander/Group Captain Liaison Officer, Military Attaché, Defence Attaché, Assistant Defence Attaché and Military Adviser roles (including rotational positions) and Squadron Leader Aide de Camp roles. Most Group Captain level positions have also been included as key representational roles as they contain a key representational component in their duties.

Air Force had relatively similar levels of female representation across each of its key groups of representational appointments, with females comprising 13.7 per cent of Command appointments, 10.6 per cent of Sub-Unit Command appointments and 12.8 per cent of its other key representational appointments.

Progress towards success

For Navy Charge appointments and Army key representational positions, the number of women in these roles is proportional to the number of women eligible for those roles. Further improvement in some areas, such as the proportion of women in Navy Command appointments and Air Force key representational positions will continue to be sought.

Women in Leadership - addressing cultural barriers to women reaching senior leadership positions in the ADF

Navy

Navy is committed to increasing female representation in senior leadership positions. All Navy workgroups are open to females and contribute equally to capabilities, initially at sea and the subsequently in the shore environment. The full realisation of increased female representation in senior leadership will take some time with greater focus on flexible career paths and talent management. For Officers this means enabling better transitions from pre-specialisation (or pre-Charge) into Charge and Command positions. These Charge and Command positions in conjunction with attendance at the Australian Command and Staff Course (ACSC), Capability and Technology Management Program (CTMP) and the Centre for Defence and Strategic Studies (DSSC) provide the pathway to senior leadership for both male and female Officers. Clarifying career continuum mandatory versus desirable requirements will go a significant way in defining the ability to develop more flexible career paths and the management of talent in the achievement of greater female representation in senior leadership positions.

Army

Army is working towards increasing female representation in senior leadership positions. All leadership positions within Army are open to all genders. The removal of gender restrictions provides Army an opportunity to increase the number of women in senior leadership by providing new career pathways not previously available to women. However, the effects of the removal of these restrictions on the number of women in senior leadership will take a number of years to be realised. A number of leadership

positions at the Lieutenant Colonel (O5) and Colonel (O6) levels are classified as Arms corps (more specifically Infantry, Armoured, Artillery) and require a specific set of skills and experience respective to career development and experience gained within those corps of the Army. With gender restrictions only recently lifted, Army will need to grow women within these corps from *ab initio* to prepare them with the skills and experience required of these positions.

Additionally, as these women progress through the organisation they will be required to transition through the traditional leadership development opportunities such as Australian Command and Staff College and Centre for Defence and Strategic Studies. The first cohort of females in the recently opened Arms corps are currently too junior to be considered for attendance at these promotion gateways. Currently the most senior Arms corps female officer is a 6th year Captain.

Army acknowledges that it will take time for the effects of the removal of gender restrictions to be realised. However, additional enablers to retention including enhanced career management models that recognise the value of skills gained outside of Army, and ensuring there is no career detriment for females undertaking maternity leave or leave for professional development will further contribute to increased females in senior leadership positions within Army.

Air Force

Air Force continues to evolve its approach to career management, including increasing its focus on talent management to ensure there are no unnecessary barriers that may prevent women progressing in the organisation. This includes ensuring women are not precluded from roles that can lead to future leadership opportunities. Reforms in Air Force career management has seen a far greater variety of roles being filled by individuals with career profiles that are quite different to when previous criteria was used to fill these positions.

As a result, a number of roles are now being staffed by members with varying backgrounds and career profiles, thereby removing potential barriers for both men and women in Air Force.

Selection for Command and Staff College positions, Sub Unit Command and other courses provides opportunities for targeted selection of high performing Squadron Leader and Wing Commander female Officers. Building on these selections Air Force has also engaged an external leadership coaching supplier to provide targeted individualised coaching and training to high potential senior female Officers at the Wing Commander and Group Captain ranks to enable them to be competitive for Senior Leadership positions. The coaching aims to remove any cultural barriers to enable female Officers to achieve Senior Leadership Team roles.

Progress towards success

The three Services continue to address cultural barriers that may prevent women from reaching senior leadership positions. Navy is committed to increasing female representation in senior leadership positions through greater focus on flexible career paths and talent management. With the removal of Army gender restrictions, women will continue through to leadership roles in pathways not previously open to them. Air Force continues to evolve its approach to career management to ensure there are no barriers that may prevent women from progressing in the organisation.

Chapter 4: Retention

We will know we have reached success in gender diversity and inclusion in retention:

- when women are retained in the ADF at the same rate as men;
- the gap between male and female time in service is closing. (KPI 5)

Defence recognises the need to understand and embrace the diversity in our current and future workforce and to respond flexibly to the changing needs of our workforce as they progress through their career and life stages¹³. Defence invests significantly in its people throughout their career and understands the importance of developing and retaining skilled personnel, for the effective delivery of Defence capability.

Central to improving the participation of women in the ADF overall and in senior leadership positions is the retention of women in the ADF at the same rate as men and improving the length of Service of women in the ADF. Defence is committed to understanding and addressing the reasons for people exiting Defence during both the recruitment phase and throughout their career in Defence, in order for Defence to build targeted policies and processes that ensure greater retention at each career/life phase¹⁴. This section examines differences in separation rates between male and female ADF members, both Officers and Other Ranks as well as by type of separation. The top 10 reasons for ADF men and women leaving are also examined, as is the median length of service for ADF men and women.

Separation rates

Table 44 shows the ADF permanent force 12 month rolling separation rates by gender and rank.

Table 44: ADF permanent force 12-month rolling separation rates by gender and rank group, 30 June 2016^{[1][2]}.

2015-16	Women	Δ	Men	Δ	Total	Δ
Navy						
Officers	7.1%	-0.3%	6.1%	-0.2%	6.2%	-0.3%
Other Ranks	9.0%	-0.9%	8.0%	0.0%	8.2%	-0.2%
Total Navy	8.5%	-0.8%	7.5%	-0.1%	7.7%	-0.2%
Army						
Officers	7.9%	0.1%	7.2%	-0.1%	7.3%	-0.1%
Other Ranks	12.2%	-0.6%	10.6%	-1.7%	10.8%	-1.6%
Total Army	11.0%	-0.4%	9.9%	-1.4%	10.0%	-1.3%
Air Force						
Officers	5.2%	0.6%	5.0%	-0.3%	5.0%	-0.1%
Other Ranks	5.7%	-0.5%	5.5%	-0.4%	5.5%	-0.5%
Total Air Force	5.5%	-0.1%	5.3%	-0.4%	5.3%	-0.4%
ADF						
Officers	6.7%	0.2%	6.2%	-0.2%	6.3%	-0.1%
Other Ranks	9.5%	-0.7%	8.9%	-1.1%	9.0%	-1.0%
Total ADF	8.6%	-0.4%	8.3%	-0.8%	8.3%	-0.8%

Source: Defence HR system.

Notes

1. Separation rates are based on the total permanent force; including both the trained and the training force.
2. Delta (Δ) columns indicate the differences in separation rates between 2015-16 and 2014-15.

¹³ Defence Diversity and Inclusion Strategy 2012-2017.

¹⁴ Defence Diversity and Inclusion Strategy 2012-2017.

Figure 14: ADF permanent force 12-month rolling separation rate, by Service, rank group and gender, 30 June 2016

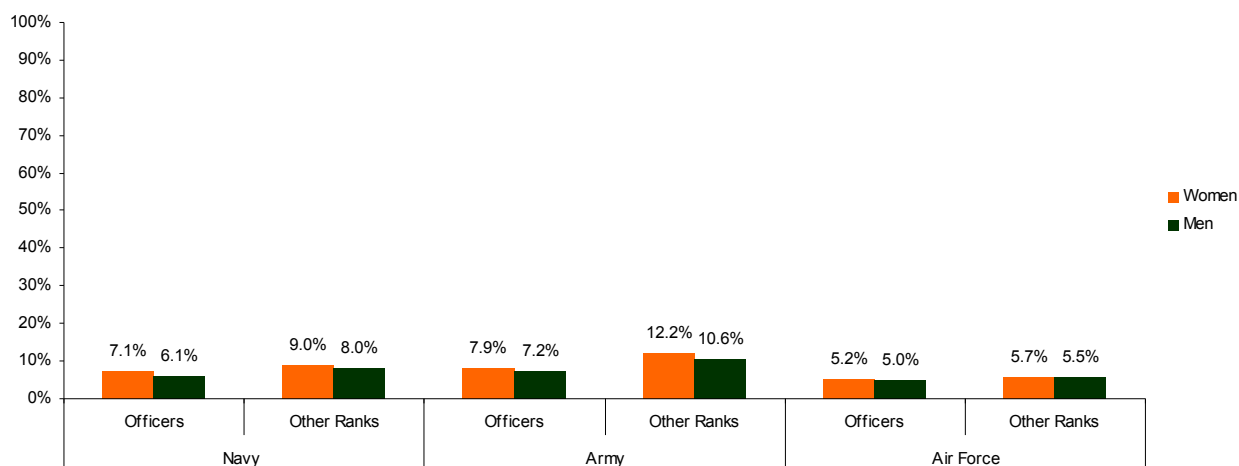


Figure 14 shows the 12-month rolling separation rate for permanent ADF women and men by each Service and by rank group. For the ADF overall, the separation rates for women and men are very similar, at 8.6 and 8.3 per cent respectively.

For Navy, female separation rates have declined over the past 12 months, from 9.3 per cent in 2014-15 to 8.5 per cent in 2015-16, while male separation rates have remained stable, closing some of the gap between male and female separation rates. For males and females, separation rates for Navy Other Ranks were higher than that for Officers.

For Army, while female separation rates have declined slightly over the past 12 months (from 11.4 per cent in 2014-15 to 11.0 per cent in 2015-16) the gap between male and female separation rates has widened as a result of a stronger decline in the male separation rate (from 11.3% in 2014-15 to 9.9% in 2015-16). For both Army males and females, there was a notable difference between rank groups, with Other Rank separation rates higher than that for Officers. This was particularly the case for Army Other Rank women who had the highest separation rates of any rank group across the Services (12.2 per cent). The Army female Other Rank separation rate has remained higher due to the effect of one year Initial Minimum Period of Service (IMPS). Members who enlist under the one-year IMPS had higher separation after completion of IMPS, and females were proportionately more represented in one-year IMPS than males. Army has therefore examined the scheme and has made adjustments to ensure more women are retained. For Air Force, separation rates for men and women were very similar overall and across rank groups, and have remained relatively stable since 2014-15.

As shown in Table 45, across the ADF, more than half (55.6 per cent) of female separations were voluntary, one-fifth (20.5 per cent) were involuntary, 23.1 per cent were trainee separations and less than one per cent (0.8 per cent) of female separations were due to age retirement.

Table 45: ADF permanent force separations by gender and type of separation, 2015-16

2015-16	Women	%	Men	%
Navy				
Voluntary separations	120	53.1	474	55.6
Involuntary separations	40	17.7	174	20.4
Age retirement	0	0.0	9	1.1
Trainees separations	66	29.2	196	23.0
Total Navy	226	100.0	853	100.0
Army				
Voluntary separations	221	56.5	1334	51.8
Involuntary separations	82	21.0	646	25.1
Age retirement	3	0.8	37	1.4
Trainees separations	85	21.7	557	21.6
Total Army	391	100.0	2574	100.0
Air Force				
Voluntary separations	84	56.8	380	61.8
Involuntary separations	35	23.6	125	20.3
Age retirement	3	2.0	34	5.5
Trainees separations	26	17.6	76	12.4
Total Air Force	148	100.0	615	100.0
ADF				
Voluntary separations	425	55.6	2188	54.1
Involuntary separations	157	20.5	945	23.4
Age retirement	6	0.8	80	2.0
Trainees separations	177	23.1	829	20.5
Total ADF	765	100.0	4042	100.0

Voluntary separations formed the majority of separations for both men and women across all three Services. The proportion of voluntary separations was similar for men and women in Navy (53.1 per cent and 55.6 per cent of separations respectively). Of those who separated voluntarily in 2015-16, 25 per cent cited family stability as the primary reason for leaving and 10 per cent cited maternal commitments as being the primary reason for leaving. Other reasons such as personal reasons, sea service, compassionate, conditions of service, promotion prospects, and career satisfaction accounted for a further 35 per cent of women, all of which could be related to managing family commitments.

In Army, voluntary separations were higher for women than men, comprising 56.5 per cent of all female separations compared to 51.8 per cent of male separations. The reason for this is one year Initial Mandatory Period of Service (IMPS), Army recruited to a one year commitment only and many stayed for only the required one year. For Air Force the reverse was true, with a higher proportion of male separations being voluntary (61.8 per cent) than females (56.8 per cent).

In Navy, the proportion of trainee separations, as a proportion of total separations, were higher for women (29.2 per cent) than men (23.0 per cent), this was also true for Air Force (17.6 per cent female, 12.4 per cent male). When comparing trainee separation rates as a proportion of all separations across the three Services, female trainee separations were lowest for Air Force (17.6 per cent) compared to Army (21.7 per cent) and Navy (29.2 per cent).

The proportion of involuntary separations was slightly higher for men than women in both Navy and Army, while in Air Force, the proportion of involuntary separations was slightly higher for women.

Progress towards success

Separation rates for women in 2015-16 were slightly higher overall (8.6 per cent) than those for men (8.3 per cent). There has been a decrease in separations for both females and males over the past 12 months. In order to grow to the proportions required by 2023 the emphasis on retention needs to be maintained.

Reasons for Leaving the ADF

Defence is committed to understanding and addressing the reasons that members leave the ADF. Voluntary separations form the majority of separations for both women and men across the Services. Together with Defence's commitment to increasing the participation of women in the ADF, understanding any differences in the reasons why women and men leave the ADF is important in development of targeted strategies to improve the retention of women.

Table 46 shows the top 10 ranked reasons for leaving among ADF members for women and men in 2015. The results indicate that women and men have similar themes in their reasons for leaving. The top reason for women and men leaving the ADF is that they wish to make a career change while they are still young enough. Both women and men reported that low job satisfaction or low morale contributed to their decision to leave, and both women and men had concerns around the impact of job demands on family and personal life.

Men were more likely to have been influenced by better career prospects in civilian life than women were, while women were more likely to have been influenced to leave due to issues with the day to day management of personnel matters.

Wanting to make a career change while still young enough was also the top cited reason for leaving in 2014. However in 2015 women were more likely to cite issues with unit management and low morale as reasons for leaving than they were in 2014.

Table 46: 2015 YourSay Leaving Defence Survey – top 10 reasons for ADF members leaving^[1].

Rank	Total ADF	Rank	Women	Rank	Men
1	To make a career change while still young enough.	1	To make a career change while still young enough	1	To make a career change while still young enough
2	Lack of job satisfaction.	2	Low morale in my work environment	2	Lack of job satisfaction
3	Better career prospects in civilian life.	3	Issues with day-to-day unit management of personnel matters	3	Better career prospects in civilian life
4	Low morale in my work environment.	4	Desire for less separation from family	4	Low morale in my work environment
5	Desire for less separation from family.	5	General dissatisfaction with service life	5	Desire for less separation from family
6	Impact of job demands on family / personal life.	6	Lack of job satisfaction	6	Effect of postings on family life
7	Effect of postings on family life.	7	Impact of job demands on family / personal life	7	Limited opportunities in my present Category / Corps / Mustering / Specialisation / Primary qualification
8	General dissatisfaction with service life.	8	Poor leadership by my immediate supervisor	8	Desire to stay in one place
9	Issues with day-to-day unit management of personnel matters.	9	Desire to live in a particular location	9	Impact of job demands on family / personal life
10	Poor leadership by my immediate supervisor.	10	Better career prospects in civilian life	10	General dissatisfaction with service life

Source YourSay Leaving Defence Survey 2015 (Formerly ADF Exit Survey)

Note:

1. Data includes responses from ADF member who were discharged in calendar year 2015

Time in Service (median)

The median time spent in Service offers insight into the differences in the length of time being served in the ADF by gender. Encouraging women to serve in the ADF for longer is vital to ensuring female participation levels are improved and that women reach senior

levels in the ADF. It is anticipated that initiatives such as the Total Workforce Model (discussed below) will encourage members to serve for longer by enhancing career options and providing flexibility that allows individuals to balance their military careers with their personal obligations.

Tables 47 and 48 show median time in Service (years) by gender and rank group. Table 47 shows median time in Service for Permanent ADF members who were serving as at 30 June 2016 (headcount). Table 48 shows the median time in Service for Permanent ADF members who separated during 2015-16.

Table 47: ADF Permanent force median time in Service (years) by gender and rank group (headcount) as at 30 June 16^[1]

2015-16	Women	Men
Navy		
Officers	11.24	13.45
Other Ranks	6.08	7.31
Total Navy	6.93	8.38
Army		
Officers	10.45	11.48
Other Ranks	5.43	6.48
Total Army	6.44	7.38
Air Force		
Officers	9.68	13.49
Other Ranks	8.19	10.93
Total Air Force	8.90	11.91
ADF		
Officers	10.41	12.45
Other Ranks	6.37	7.46
Total ADF	7.42	8.46

Source: Defence HR system

Note:

1. Figures in this table show median time in service for permanent force only based on headcount at 30 June 2016.

With the exception of Air Force, the median time in Service for both male and female ADF members serving on 30 June 2016 is greater for Officers than Other Ranks.

When comparing median length of service between women and men, women have consistently served for less time than men across each Service and rank group. However, in for Army it is to be expected as Army is currently recruiting 500-600 females annually, and it is this large influx of females that is lowering the median length of service for females. Also it can be expected that this gap is likely to continue to increase in coming years as Army continues to get ever larger cohorts of females joining. As Army approaches a point of 'steady state' of inflow and cohorts of females are similar each year, the median length of service will eventually grow and return to the same level as males.

Table 48: ADF Permanent force median time in Service (years) by gender and rank group (on separation) 2015-16^[1]

2015-16	Women	Men
Navy		
Officers	11.57	15.27
Other Ranks	6.43	6.67
Total Navy	7.03	7.21
Army		
Officers	8.72	13.22
Other Ranks	4.40	6.04
Total Army	4.89	6.33
Air Force		
Officers	11.28	18.73
Other Ranks	8.76	10.94
Total Air Force	9.42	12.86
ADF		
Officers	11.10	14.96
Other Ranks	6.00	6.49
Total ADF	6.37	7.11

Source: Defence HR system

Note

1. Figures in this table show median time in service for permanent force only, upon separation in 2015-16.

The median time in service upon separation was less for women than men across each of the Services and rank groups, with this difference particularly notable for Air Force Officers. Interestingly, the difference between male and female median time in service upon separation for other rank members was less than that for Officers.

For Army these figures are also influenced by the successes in recruiting additional females. Initial training is a known separation point for both men and women, therefore when Army recruits higher volumes of women, increased separations are also experienced. The increase in female recruitment over the last four years has been larger than that for male recruitment, and the effect of this difference can be seen in the increasing number of junior female soldiers separating. In addition, the one year IMPS policy has also impacted females separation (with more females separating on completion of their IMPS), and the result is that the median length of service on separation has decreased for women.

Progress towards success

Although there appears to be a difference in the median times that men and women are serving, the reasons for this are not straight forward. This illustrates that retention requires an equal focus to recruitment, to achieve long-term sustainability in workforce.

The ADF Total Workforce Model – Improving retention in the ADF

As a key retention measure for the ADF workforce, in June 2016 the Government introduced a contemporary workforce model for the ADF to allow the ADF workforce to be utilised more effectively.

The ADF Total Workforce Model (TWM) aims to present a different way of thinking about how the ADF workforce can be best employed to deliver capability. The purpose of the TWM is to modernise career arrangements, provide greater workforce agility and increase retention of skilled people to meet future capability requirements. It features a new Service spectrum consisting of seven Service Categories (SERCAT) and two Service

Options (SERVOP) that members serve in. This new contemporary workforce management model will increase the ability of ADF members to move between the ADF and Reserves to best meet individual circumstances and best harness their skills and expertise.

There are two features of the Total Workforce Model in particular that demonstrate a new way to serve, Service Option D (SERVOP D) and Service Category (SERCAT 6). SERVOP D will group members in a 'dual employment' arrangement to enable the ADF and Industry to work in partnership to share the high value and in demand skills and experience of certain members. SERVOP D will create an environment where valuable skills across Defence and Industry can be accessed, built and retained. SERCAT 6 allows the ADF to provide Permanent/Regular ADF members with flexible service arrangements. SERCAT 6 aims to encourage members to serve longer by providing flexibility that allows individuals to balance their military careers with their personal obligations.

Chapter 5: Personnel Support and Policy

We will know we have reached success in gender diversity and inclusion in personnel support and policy when:

- new parents are able to continue their careers in the permanent ADF
- members with childcare aged children are supported in their efforts to access quality childcare
- women and men are paid equitably
- women and men feel equally supported by and included in Defence (KPI 11).

Supports KPI 5.

Supporting Policy

PACMAN Volume 1, Chapter 5, Part 4 – Maternity Leave

Purpose – “The leave recognises the physical aspects of the later stages of pregnancy, childbirth and recovery after childbirth. It also provides time for initial care of the child.”

PACMAN Volume 1, Chapter 5, Part 5 – Parental Leave

Purpose – “Parental leave assists a member and their dependants to spend time with a newborn or adopted dependent child.”

MILPERSMAN Part 3, Chapter 5 – Australian Defence Force Total Workforce Model

Policy Statement – “Defence members and employees may serve in a range of Service Categories that correspond to a spectrum of reserve to full-time service...”

Introduction – “The Australian Defence Force Total Workforce Model (TWM) provides organisational flexibility enabling Service Chiefs to draw on a diverse personnel pool to effectively deliver Defence capability outcomes”

MILPERSMAN Part 10, Chapter 3 – Transfer of Personnel Across the Service Spectrum

Policy Statement – “3.1 The transfer of personnel between Service Categories (SERCATs) assists in the generation and sustainment of Defence capability and provides members with flexible career options...”

Defence is committed to improving support for members of the ADF so that men and women feel equally supported by and included in Defence. The provision of mechanisms to assist members to balance their work and family (or other) responsibilities provides a central means of strengthening the capability of the workforce, by improving attraction and retention of both male and female ADF members.

This section examines a range of issues relating to personnel support and policy for ADF members including retention of ADF members in the Permanent Force who have become new parents, access to quality childcare, examination of the gender pay gap and women’s experiences within the ADF.

Maternity and Parental Leave

Defence has a range of policies in place to support members of the ADF who choose to start a family. Maternity leave recognises the physical aspects of the later stages of pregnancy, childbirth and recovery after childbirth.¹⁵ It also provides time for initial care of the child. Parental leave assists a member and their dependants to spend time with a newborn or adopted dependent child.¹⁶

In addition as of 1 July 2016 Defence members, through the application of the Australian Defence Force Total Workforce Model (TWM) may serve in a range of Service categories that correspond to a spectrum of reserve to full-time service. This provides flexibility for members to transfer between service categories depending on what stage of their life they may be in¹⁷. This new model will be reflected in next year's Women in ADF report.

Tables 49 through to 54 show the numbers and percentages of ADF women who commenced at least one period of paid or unpaid maternity leave in 2015-16 and the number and percentages of all members who took at least one period of paid or unpaid parental leave in 2015-16.

Table 49: Number and proportion of Permanent Navy women who commenced at least one period of paid or unpaid maternity leave, 2015-16^{[1][2]}.

Rank	Women		Total number of Permanent ADF	% taken paid maternity leave	% taken unpaid maternity leave
	Taken Paid Maternity Leave	Taken Unpaid Maternity Leave			
Admiral (O10)	-	-	0	-	-
Vice Admiral (O09)	-	-	0	-	-
Rear Admiral (O08)	-	-	0	-	-
Commodore (O07)	-	-	4	-	-
Captain (O06)	1	-	16	6.25%	-
Commander (O05)	-	-	52	-	-
Lieutenant Commander (O04)	7	3	151	4.64%	1.99%
Lieutenant (O03)	23	22	275	8.36%	8.00%
Sub Lieutenant (O02)	1	1	61	1.64%	1.64%
Acting Sub Lieutenant (O01)	-	-	5	-	-
Midshipman (O00)	-	-	82	-	-
Warrant Officer (E09 & E10)	1	-	19	5.26%	-
Chief Petty Officer (E08)	7	4	95	7.37%	4.21%
Petty Officer (E06)	14	9	188	7.45%	4.79%
Leading Seaman (E05)	44	38	482	9.13%	7.88%
Able Seaman (E03)	50	43	792	6.31%	5.43%
Seaman (E02)	3	1	216	1.39%	0.46%
Seaman* (E01)	1	-	181	0.55%	-
Total	152	121	2,619	5.80%	4.62%

Source: Defence HR system.

Notes

1. Figures include Permanent Navy members only.
2. Paid and unpaid leave is shown separately however the same member may be reflected in both figures if they commenced a period of both paid and unpaid leave in the period.

15 PACMAN Volume 1, Chapter 5, Part 4 – Maternity Leave

16 PACMAN Volume 1, Chapter 5, Part 5 – Parental Leave

17 MILPERSMAN Part 10, Chapter 3 – Transfer of Personnel Across the Service Spectrum

Table 50: Number and proportion of Permanent Navy members who commenced at least one period of paid or unpaid parental leave, 2015-16^{[1][2]}.

Rank	Women					Men				
	Taken Paid Parental Leave	Taken Unpaid Parental Leave	Total number of Permanent ADF	% taken paid parental leave	% taken unpaid parental leave	Taken Paid Parental Leave	Taken Unpaid Parental Leave	Total number of Permanent ADF	% taken paid parental leave	% taken unpaid parental leave
Admiral (O10)	-	-	0	-	-	-	-	0	-	-
Vice Admiral (O09)	-	-	0	-	-	-	-	3	-	-
Rear Admiral (O08)	-	-	0	-	-	-	-	11	-	-
Commodore (O07)	-	-	4	-	-	-	-	35	-	-
Captain (O06)	-	-	16	-	-	2	-	96	2.08%	-
Commander (O05)	-	-	52	-	-	8	-	349	2.29%	-
Lieutenant Commander (O04)	1	-	151	0.66%	-	23	1	634	3.63%	0.16%
Lieutenant (O03)	-	1	275	-	0.36%	48	-	983	4.88%	-
Sub Lieutenant (O02)	2	2	61	3.28%	3.28%	9	-	223	4.04%	-
Acting Sub Lieutenant (O01)	-	-	5	-	-	1	-	47	2.13%	-
Midshipman (O00)	-	-	82	-	-	-	-	265	-	-
Warrant Officer (E09 & E10)	-	-	19	-	-	-	-	206	-	-
Chief Petty Officer (E08)	-	1	95	-	1.05%	26	-	895	2.91%	-
Petty Officer (E06)	-	-	188	-	-	93	-	1212	7.67%	-
Leading Seaman (E05)	2	-	482	0.41%	-	110	1	1877	5.86%	0.05%
Able Seaman (E03)	-	2	792	-	0.25%	118	3	3163	3.73%	0.09%
Seaman (E02)	-	-	216	-	-	10	-	677	1.48%	-
Seaman* (E01)	-	-	181	-	-	4	-	532	0.75%	-
Total	5	6	2,619	0.19%	0.23%	452	5	11,208	4.03%	0.04%

Source: Defence HR system.

Notes:

1. Figures include Permanent Navy members only.
2. Paid and unpaid leave is shown separately however the same member may be reflected in both figures if they commenced a period of both paid and unpaid leave in the period.

Table 51: Number and proportion of Permanent Army women who commenced at least one period of paid or unpaid maternity leave, 2015-16^{[1][2]}.

Rank	Women				
	Taken Paid Maternity Leave	Taken Unpaid Maternity Leave	Total number of Permanent ADF	% taken paid maternity leave	% taken unpaid maternity leave
General (O10)	-	-	0	-	-
Lieutenant General (O09)	-	-	0	-	-
Major General (O08)	-	-	1	-	-
Brigadier (O07)	-	-	8	-	-
Colonel (O06)	-	-	20	-	-
Lieutenant Colonel (O05)	2	-	95	2.11%	-
Major (O04)	25	13	279	8.96%	4.66%
Captain (O03)	24	11	274	8.76%	4.01%
Lieutenant (O02)	9	9	226	3.98%	3.98%
Second Lieutenant (O01)	-	-	3	-	-
Officer Cadet (O00)	-	-	127	-	-
Warrant Officer Class 1 (E09 & E10)	2	-	70	2.86%	-
Warrant Officer Class 2 (E08)/Staff S	6	5	193	3.11%	2.59%
Sergeant (E06)	25	18	276	9.06%	6.52%
Corporal (E05)/Lance Corporal (E04)	49	48	656	7.47%	7.32%
Private Proficient (E03)	42	38	762	5.51%	4.99%
Private (E02)	7	3	300	2.33%	1.00%
Private Trainee (E01)	-	1	198	-	0.51%
Total	191	146	3,488	5.48%	4.19%

Source: Defence HR system.

Notes:

1. Figures include Permanent Army members only.
2. Paid and unpaid leave is shown separately however the same member may be reflected in both figures if they commenced a period of both paid and unpaid leave in the period.

Table 52: Number and proportion of Permanent Army members who commenced at least one period of paid or unpaid parental leave, 2015-16^{[1][2]}

Rank	Women					Men				
	Taken Paid Parental Leave	Taken Unpaid Parental Leave	Total number of Permanent ADF	% taken paid parental leave	% taken unpaid parental leave	Taken Paid Parental Leave	Taken Unpaid Parental Leave	Total number of Permanent ADF	% taken paid parental leave	% taken unpaid parental leave
General (O10)	-	-	0	-	-	-	-	0	-	-
Lieutenant General (O09)	-	-	0	-	-	-	-	1	-	-
Major General (O08)	-	-	1	-	-	-	-	15	-	-
Brigadier (O07)	-	-	8	-	-	-	-	48	-	-
Colonel (O06)	-	-	20	-	-	3	-	165	1.82%	-
Lieutenant Colonel (O05)	-	-	95	-	-	18	1	544	3.31%	0.18%
Major (O04)	-	-	279	-	-	91	1	1559	5.84%	0.06%
Captain (O03)	-	-	274	-	-	121	3	1566	7.73%	0.19%
Lieutenant (O02)	-	-	226	-	-	33	-	715	4.62%	-
Second Lieutenant (O01)	-	-	3	-	-	-	-	8	-	-
Officer Cadet (O00)	-	-	127	-	-	5	-	620	0.81%	-
Warrant Officer Class 1 (E09 & E10)	-	-	70	-	-	8	-	595	1.34%	-
Warrant Officer Class 2 (E08)/Staff S	-	-	193	-	-	42	-	1766	2.38%	-
Sergeant (E06)	1	1	276	0.36%	0.36%	144	1	2271	6.34%	0.04%
Corporal (E05)/Lance Corporal (E04)	1	1	656	0.15%	0.15%	364	5	4974	7.32%	0.10%
Private Proficient (E03)	-	1	762	-	0.13%	374	6	7223	5.18%	0.08%
Private (E02)	-	-	300	-	-	68	2	1956	3.48%	0.10%
Private Trainee (E01)	-	-	198	-	-	22	-	1502	1.46%	-
Total	2	3	3,488	0.06%	0.09%	1,293	19	25528	5.07%	0.07%

Source: Defence HR system.

Notes:

1. Figures include Permanent Army members only.
2. Paid and unpaid leave is shown separately however the same member may be reflected in both figures if they commenced a period of both paid and unpaid leave in the period.

Table 53: Number and proportion of Permanent Air Force women who commenced at least one period of paid or unpaid maternity leave, 2015-16^{[1][2]}

Rank	Women				
	Taken Paid Maternity Leave	Taken Unpaid Maternity Leave	Total number of Permanent ADF	% taken paid maternity leave	% taken unpaid maternity leave
Air Chief Marshal (O10)	-	-	0	-	-
Air Marshal (O09)	-	-	0	-	-
Air Vice-Marshal (O08)	-	-	2	-	-
Air Commodore (O07)	-	-	4	-	-
Group Captain (O06)	-	-	17	-	-
Wing Commander (O05)	-	-	74	-	-
Squadron Leader (O04)	20	13	233	8.58%	5.58%
Flight Lieutenant (O03)	26	24	414	6.28%	5.80%
Flying Officer (O02)	12	7	172	6.98%	4.07%
Pilot Officer (O01)	3	1	47	6.38%	2.13%
Officer Cadet (O00)	-	-	130	-	-
Warrant Officer (E09 & E10)	-	-	51	-	-
Flight Sergeant (E08)	6	6	117	5.13%	5.13%
Sergeant (E06)	21	12	259	8.11%	4.63%
Corporal (E05)	37	43	431	8.58%	9.98%
Leading Aircraftman/Woman (E03)	35	36	532	6.58%	6.77%
Aircraftman/Woman (E02)	3	1	86	3.49%	1.16%
Aircraftman/Woman Trainee (E01)/Non-Commissioned Officer	-	-	130	-	-
Total	163	143	2,699	6.04%	5.30%

Source: Defence HR system.

Notes:

1. Figures include Permanent Air Force members only.
2. Paid and unpaid leave is shown separately however the same member may be reflected in both figures if they commenced a period of both paid and unpaid leave in the period.

Table 54: Number and proportion of Permanent Air Force members who commenced at least one period of paid or unpaid parental leave, 2015-16^{[1][2]}.

Rank	Women					Men				
	Taken Paid Parental Leave	Taken Unpaid Parental Leave	Total number of Permanent ADF	% taken paid parental leave	% taken unpaid parental leave	Taken Paid Parental Leave	Taken Unpaid Parental Leave	Total number of Permanent ADF	% taken paid parental leave	% taken unpaid parental leave
Air Chief Marshal (O10)	-	-	0	-	-	-	-	1	-	-
Air Marshal (O09)	-	-	0	-	-	-	-	1	-	-
Air Vice-Marshal (O08)	-	-	2	-	-	-	-	9	-	-
Air Commodore (O07)	-	-	4	-	-	-	-	36	-	-
Group Captain (O06)	-	-	17	-	-	1	-	124	0.81%	-
Wing Commander (O05)	1	-	74	1.35%	-	10	-	413	2.42%	-
Squadron Leader (O04)	-	-	233	-	-	56	1	943	5.94%	0.11%
Flight Lieutenant (O03)	-	2	414	-	0.48%	98	2	1412	6.94%	0.14%
Flying Officer (O02)	1	1	172	0.58%	0.58%	17	1	441	3.85%	0.23%
Pilot Officer (O01)	-	-	47	-	-	8	-	223	3.59%	-
Officer Cadet (O00)	-	-	130	-	-	3	-	327	0.92%	-
Warrant Officer (E09 & E10)	-	-	51	-	-	7	1	514	1.36%	0.19%
Flight Sergeant (E08)	-	-	117	-	-	14	-	662	2.11%	-
Sergeant (E06)	3	-	259	1.16%	-	74	-	1395	5.30%	-
Corporal (E05)	3	2	431	0.70%	0.46%	143	3	1911	7.48%	0.16%
Leading Aircraftman/Woman (E03)	-	1	532	-	0.19%	148	4	2295	6.45%	0.17%
Aircraftman/Woman (E02)	-	-	86	-	-	20	-	367	5.45%	-
Aircraftman/Woman Trainee (E01)/Non-Commissioned Officer	-	-	130	-	-	8	1	404	1.98%	0.25%
Total	8	6	2,699	0.30%	0.22%	607	13	11,478	5.29%	0.11%

Source: Defence HR system.

Notes:

1. Figures include Permanent Air Force members only.
2. Paid and unpaid leave is shown separately however the same member may be reflected in both figures if they commenced a period of both paid and unpaid leave in the period.

Retention of women and men following maternity and parental leave

Tables 55 to 57 show the number and percentage of members retained 18 months after a period of Paid Maternity or Parental Leave. The tables include the numbers of women and men at each rank who took any variant of paid parental leave in calendar year 2014, and how many of these women and men were still serving with the ADF in 2015-16, exactly 18 months after they commenced their period of paid leave. Women and men not considered to be retained include those who have transferred from the permanent forces to serve in a Reserve capacity.

Table 55: Number and proportion of Navy members retained 18 months after a period of Paid Maternity or Parental Leave 2015-16^{[1][2][3]}

Women				Men			
Rank	Taken Leave	Retained	% Retained	Rank	Taken Leave	Retained	% Retained
Admiral (O10)	-	-	-	Admiral (O10)	-	-	-
Vice Admiral (O09)	-	-	-	Vice Admiral (O09)	-	-	-
Rear Admiral (O08)	-	-	-	Rear Admiral (O08)	1	1	100.0%
Commodore (O07)	-	-	-	Commodore (O07)	-	-	-
Captain (O06)	-	-	-	Captain (O06)	1	1	100.0%
Commander (O05)	-	-	-	Commander (O05)	7	7	100.0%
Lieutenant Commander (O04)	13	12	92.3%	Lieutenant Commander (O04)	21	19	90.5%
Lieutenant (O03)	23	18	78.3%	Lieutenant (O03)	47	44	93.6%
Sub Lieutenant (O02)	2	1	50.0%	Sub Lieutenant (O02)	7	7	100.0%
Acting Sub Lieutenant (O01)	1	1	100.0%	Acting Sub Lieutenant (O01)	2	2	100.0%
Midshipman (O00)	-	-	-	Midshipman (O00)	1	1	100.0%
Warrant Officer (E09 & E10)	-	-	-	Warrant Officer (E09 & E10)	4	4	100.0%
Chief Petty Officer (E08)	6	6	100.0%	Chief Petty Officer (E08)	24	23	95.8%
Petty Officer (E06)	21	20	95.2%	Petty Officer (E06)	74	68	91.9%
Leading Seaman (E05)	49	40	81.6%	Leading Seaman (E05)	128	107	83.6%
Able Seaman (E03)	64	48	75.0%	Able Seaman (E03)	96	83	86.5%
Seaman (E02)	3	2	66.7%	Seaman (E02)	11	10	90.9%
Seaman* (E01)	-	-	-	Seaman* (E01)	4	4	100.0%
Total	182	148	81.3%	Total	428	381	89.0%

Source: Defence HR system.

Notes:

1. Leave types include forces maternity leave—ADF, paid parental leave—ADF, maternity leave paid and parental leave.

- Shows members who were still serving in 2015-16, exactly 18 months after they commenced paid maternity/parental leave (i.e. the commencement date for their leave fell between 1 January 2014 and 31 December 2014.)
- Commencement and related retention figures are recorded against the rank of the member when they commenced their period of paid maternity/parental leave.

Table 56: Number and proportion of Army members retained 18 months after a period of Paid Maternity or Parental Leave 2015-16^{[1][2][3]}

Women				Men			
Rank	Taken Leave	Retained	% Retained	Rank	Taken Leave	Retained	% Retained
General (O10)	-	-	-	General (O10)	-	-	-
Lieutenant General (O09)	-	-	-	Lieutenant General (O09)	-	-	-
Major General (O08)	-	-	-	Major General (O08)	-	-	-
Brigadier (O07)	-	-	-	Brigadier (O07)	1	1	100.0%
Colonel (O06)	-	-	-	Colonel (O06)	-	-	-
Lieutenant Colonel (O05)	1	1	100.0%	Lieutenant Colonel (O05)	20	19	95.0%
Major (O04)	26	24	92.3%	Major (O04)	111	108	97.3%
Captain (O03)	20	17	85.0%	Captain (O03)	133	117	88.0%
Lieutenant (O02)	8	7	87.5%	Lieutenant (O02)	24	23	95.8%
Second Lieutenant (O01)	-	-	-	Second Lieutenant (O01)	-	-	-
Officer Cadet (O00)	-	-	-	Officer Cadet (O00)	4	4	100.0%
Warrant Officer Class 1 (E09 & E08)	1	1	100.0%	Warrant Officer Class 1 (E09 & E08)	11	11	100.0%
Warrant Officer Class 2 (E08)	12	11	91.7%	Warrant Officer Class 2 (E08)	55	54	98.2%
Staff Sergeant (E07)	-	-	-	Staff Sergeant (E07)	-	-	-
Sergeant (E06)	28	20	71.4%	Sergeant (E06)	171	157	91.8%
Corporal (E05)	49	42	85.7%	Corporal (E05)	276	246	89.1%
Lance Corporal (E04)	9	7	77.8%	Lance Corporal (E04)	108	91	84.3%
Private Proficient (E03)	56	44	78.6%	Private Proficient (E03)	430	350	81.4%
Private (E02)	5	5	100.0%	Private (E02)	48	44	91.7%
Private Trainee (E01)	2	1	50.0%	Private Trainee (E01)	33	30	90.9%
Total	217	180	82.9%	Total	1,425	1,255	88.1%

Source: Defence HR system.

Notes:

- Leave types include forces maternity leave—ADF, paid parental leave—ADF, maternity leave paid and parental leave.
- Shows members who were still serving in 2015-16, exactly 18 months after they commenced paid maternity/parental leave (i.e. the commencement date for their leave fell between 1 January 2014 and 31 December 2014.)
- Commencement and related retention figures are recorded against the rank of the member when they commenced their period of paid maternity/parental leave.

Table 57: Number and proportion of Air Force members retained 18 months after a period of Paid Maternity or Parental Leave 2015-16^{[1][2][3]}

Women				Men			
Rank	Taken Leave	Retained	% Retained	Rank	Taken Leave	Retained	% Retained
Air Chief Marshal (O10)	-	-	-	Air Chief Marshal (O10)	-	-	-
Air Marshal (O09)	-	-	-	Air Marshal (O09)	-	-	-
Air Vice-Marshal (O08)	-	-	-	Air Vice-Marshal (O08)	-	-	-
Air Commodore (O07)	-	-	-	Air Commodore (O07)	-	-	-
Group Captain (O06)	-	-	-	Group Captain (O06)	1	1	100.0%
Wing Commander (O05)	3	3	100.0%	Wing Commander (O05)	14	12	85.7%
Squadron Leader (O04)	17	15	88.2%	Squadron Leader (O04)	52	52	100.0%
Flight Lieutenant (O03)	42	42	100.0%	Flight Lieutenant (O03)	107	101	94.4%
Flying Officer (O02)	8	8	100.0%	Flying Officer (O02)	9	9	100.0%
Pilot Officer (O01)	1	1	100.0%	Pilot Officer (O01)	7	7	100.0%
Officer Cadet (O00)	-	-	-	Officer Cadet (O00)	1	1	100.0%
Warrant Officer (E09 & E10)	2	2	100.0%	Warrant Officer (E09 & E10)	8	8	100.0%
Flight Sergeant (E08)	2	2	100.0%	Flight Sergeant (E08)	10	10	100.0%
Sergeant (E06)	15	15	100.0%	Sergeant (E06)	59	59	100.0%
Corporal (E05)	54	48	88.9%	Corporal (E05)	165	159	96.4%
Non-Commissioned Officer Cadet	-	-	-	Non-Commissioned Officer Cadet	1	1	100.0%
Leading Aircraftman/Woman (E03)	51	45	88.2%	Leading Aircraftman/Woman (E03)	150	137	91.3%
Aircraftman/Woman (E02)	2	2	100.0%	Aircraftman/Woman (E02)	11	11	100.0%
Aircraftman/Woman Trainee (E01)	1	1	100.0%	Aircraftman/Woman Trainee (E01)	5	5	100.0%
Total	198	184	92.9%	Total	600	573	95.5%

Source: Defence HR system.

Notes:

- Leave types include forces maternity leave—ADF, paid parental leave—ADF, maternity leave paid and parental leave.

2. Shows members who were still serving in 2015-16, exactly 18 months after they commenced paid maternity/parental leave (i.e. the commencement date for their leave fell between 1 January 2014 and 31 December 2014.)
3. Commencement and related retention figures are recorded against the rank of the member when they commenced their period of paid maternity/parental leave.

Figure 15: Percentage of women and men retained 18 months after taking a period of Paid Parental or Maternity Leave 2015-16

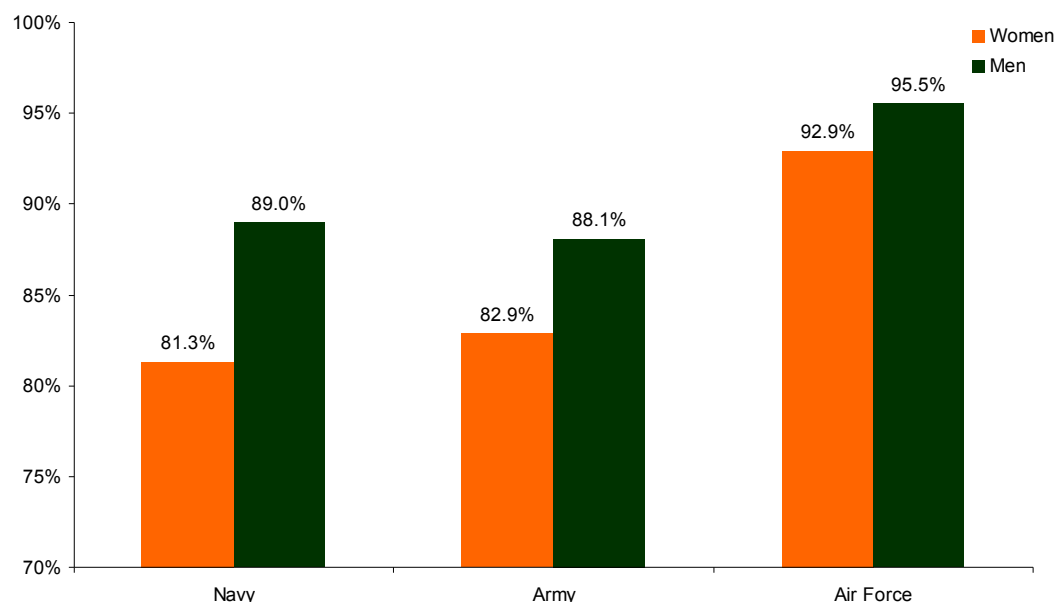


Figure 15 shows the proportions of women and men in each Service who continued to serve in Defence 18 months after a period of paid maternity or parental leave. Most women and men continued permanent service in Defence in a permanent capacity 18 months after they took maternity or parental leave. Retention rates were higher for males than females, with the difference between male and female retention most notable for Navy and Army.

Going beyond those members retained for the first 18 months after taking maternity or parental leave, data was obtained to measure the retention of members over a five year period. This was achieved by measuring the retention of members who commenced a period of paid maternity or parental leave in 2010-11, at 18 months, three years and five years following the commencement of their leave. Tables 58 to 60 refer.

Across all Services male ADF members were more likely than females to still be serving five years after taking parental leave. Air Force women and men showed the greatest retention rate after five years (62.3% and 76.8% respectively).

Table 58: Number and proportion of Navy members retained 18 months, 3 years and 5 years after a period of Paid Maternity or Parental Leave^{[1][2][3]}

Rank	Women							Men						
	Taken Leave	Retained (18 months)	% Retained (18 months)	Retained (3 years)	% Retained (3 years)	Retained (5 years)	% Retained (5 years)	Taken Leave	Retained (18 months)	% Retained (18 months)	Retained (3 years)	% Retained (3 years)	Retained (5 years)	% Retained (5 years)
Admiral (O10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vice Admiral (O09)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rear Admiral (O08)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commodore (O07)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Captain (O06)	-	-	-	-	-	-	-	1	1	100.0%	1	100.0%	1	100.0%
Commander (O05)	2	2	100.0%	1	50.0%	1	50.0%	12	12	100.0%	12	100.0%	10	83.3%
Lieutenant Commander (O04)	10	10	100.0%	10	100.0%	10	100.0%	41	41	100.0%	39	95.1%	36	87.8%
Lieutenant (O03)	28	21	75.0%	20	71.4%	20	71.4%	45	41	91.1%	37	82.2%	32	71.1%
Sub Lieutenant (O02)	-	-	-	-	-	-	-	2	2	100.0%	2	100.0%	2	100.0%
Acting Sub Lieutenant (O01)	-	-	-	-	-	-	-	1	-	0.0%	-	0.0%	-	0.0%
Midshipman (O00)	1	1	100.0%	1	100.0%	1	100.0%	1	1	100.0%	1	100.0%	1	100.0%
Warrant Officer (E09 & E10)	-	-	-	-	-	-	-	3	3	100.0%	3	100.0%	3	100.0%
Chief Petty Officer (E08)	3	3	100.0%	3	100.0%	2	66.7%	26	20	76.9%	18	69.2%	14	53.8%
Petty Officer (E06)	7	5	71.4%	3	42.9%	3	42.9%	60	53	88.3%	50	83.3%	42	70.0%
Leading Seaman (E05)	57	44	77.2%	33	57.9%	24	42.1%	115	105	91.3%	93	80.9%	77	67.0%
Able Seaman (E03)	70	49	70.0%	37	52.9%	29	41.4%	144	116	80.6%	96	66.7%	73	50.7%
Seaman (E02)	8	5	62.5%	5	62.5%	3	37.5%	19	19	100.0%	19	100.0%	16	84.2%
Seaman* (E01)	-	-	-	-	-	-	-	6	6	100.0%	6	100.0%	6	100.0%
Total	186	140	75.3%	113	60.8%	93	50.0%	476	420	88.2%	377	79.2%	313	65.8%

Source: Defence HR system.

Notes:

1. Leave types include forces maternity leave—ADF, paid parental leave—ADF, maternity leave paid and parental leave.
2. Shows those who commenced a period of paid maternity/parental leave in 2010-11 and how many of these were still serving 18 months, 3 years and 5 years later.
3. Commencement and related retention figures are recorded against the rank of the member when they commenced their period of paid maternity/parental leave.

Table 59: Number and proportion of Army members retained 18 months, 3 years and 5 years after a period of Paid Maternity or Parental Leave^{[1][2][3]}

Rank	Women							Men						
	Taken Leave	Retained (18 months)	% Retained (18 months)	Retained (3 years)	% Retained (3 years)	Retained (5 years)	% Retained (5 years)	Taken Leave	Retained (18 months)	% Retained (18 months)	Retained (3 years)	% Retained (3 years)	Retained (5 years)	% Retained (5 years)
General (O10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lieutenant General (O09)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Major General (O08)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brigadier (O07)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Colonel (O06)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lieutenant Colonel (O05)	3	3	100.0%	3	100.0%	3	100.0%	20	17	85.0%	15	75.0%	13	65.0%
Major (O04)	22	19	86.4%	19	86.4%	16	72.7%	112	99	88.4%	94	83.9%	87	77.7%
Captain (O03)	27	22	81.5%	21	77.8%	22	81.5%	121	112	92.6%	103	85.1%	98	81.0%
Lieutenant (O02)	8	3	37.5%	2	25.0%	2	25.0%	39	39	100.0%	36	92.3%	30	76.9%
Second Lieutenant (O01)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Officer Cadet (O00)	-	-	-	-	-	-	-	3	2	66.7%	1	33.3%	1	33.3%
Warrant Officer Class 1 (E09 & E10)	-	-	-	-	-	-	-	7	6	85.7%	6	85.7%	3	42.9%
Warrant Officer Class 2 (E08)	13	10	76.9%	9	69.2%	9	69.2%	76	69	90.8%	63	82.9%	58	76.3%
Staff Sergeant (E07)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sergeant (E06)	28	25	89.3%	25	89.3%	21	75.0%	175	157	89.7%	149	85.1%	138	78.9%
Corporal (E05)	57	44	77.2%	44	77.2%	37	64.9%	330	283	85.8%	235	71.2%	200	60.6%
Lance Corporal (E04)	9	7	77.8%	7	77.8%	3	33.3%	110	88	80.0%	74	67.3%	68	61.8%
Private Proficient (E03)	50	38	76.0%	38	76.0%	21	42.0%	395	328	83.0%	255	64.6%	185	46.8%
Private (E02)	6	5	83.3%	5	83.3%	3	50.0%	66	64	97.0%	52	78.8%	42	63.6%
Private Trainee (E01)	-	-	-	-	-	-	-	17	16	94.1%	13	76.5%	12	70.6%
Total	223	176	78.9%	173	77.6%	137	61.4%	1,471	1,280	87.0%	1,096	74.5%	935	63.6%

Source: Defence HR system.

Notes:

1. Leave types include forces maternity leave—ADF, paid parental leave—ADF, maternity leave paid and parental leave.
2. Shows those who commenced a period of paid maternity/parental leave in 2010-11 and how many of these were still serving 18 months, 3 years and 5 years later.
3. Commencement and related retention figures are recorded against the rank of the member when they commenced their period of paid maternity/parental leave.

Table 60: Number and proportion of Air Force members retained 18 months, 3 years and 5 years after a period of Paid Maternity or Parental Leave^{[1][2][3]}

Rank	Women							Men						
	Taken Leave	Retained (18 months)	% Retained (18 months)	Retained (3 years)	% Retained (3 years)	Retained (5 years)	% Retained (5 years)	Taken Leave	Retained (18 months)	% Retained (18 months)	Retained (3 years)	% Retained (3 years)	Retained (5 years)	% Retained (5 years)
Air Chief Marshal (O10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Air Marshal (O09)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Air Vice-Marshal (O08)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Air Commodore (O07)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group Captain (O06)	-	-	-	-	-	-	-	2	2	100.0%	2	100.0%	2	100.0%
Wing Commander (O05)	1	1	100.0%	1	100.0%	1	100.0%	9	8	88.9%	8	88.9%	5	55.6%
Squadron Leader (O04)	14	13	92.9%	13	92.9%	10	71.4%	66	59	89.4%	58	87.9%	54	81.8%
Flight Lieutenant (O03)	40	37	92.5%	34	85.0%	34	85.0%	100	94	94.0%	91	91.0%	80	80.0%
Flying Officer (O02)	10	6	60.0%	8	80.0%	8	80.0%	13	13	100.0%	13	100.0%	13	100.0%
Pilot Officer (O01)	2	2	100.0%	2	100.0%	2	100.0%	3	3	100.0%	3	100.0%	3	100.0%
Officer Cadet (O00)	-	-	-	-	-	-	-	1	1	100.0%	1	100.0%	1	100.0%
Warrant Officer (E09 & E10)	2	1	50.0%	1	50.0%	1	50.0%	8	8	100.0%	8	100.0%	8	100.0%
Flight Sergeant (E08)	4	4	100.0%	3	75.0%	3	75.0%	28	27	96.4%	21	75.0%	21	75.0%
Sergeant (E06)	21	20	95.2%	14	66.7%	13	61.9%	82	74	90.2%	70	85.4%	63	76.8%
Corporal (E05)	59	45	76.3%	37	62.7%	28	47.5%	211	191	90.5%	173	82.0%	160	75.8%
Non-Commissioned Officer Cadet (E51)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leading Aircraftman/Woman (E03)	34	27	79.4%	25	73.5%	17	50.0%	145	125	86.2%	111	76.6%	105	72.4%
Aircraftman/Woman (E02)	4	4	100.0%	2	50.0%	2	50.0%	34	33	97.1%	30	88.2%	23	67.6%
Aircraftman/Woman Trainee (E01)	-	-	-	-	-	-	-	9	8	88.9%	8	88.9%	8	88.9%
Total	191	160	83.8%	140	73.3%	119	62.3%	711	646	90.9%	597	84.0%	546	76.8%

Source: Defence HR system.

Notes:

1. Leave types include forces maternity leave—ADF, paid parental leave—ADF, maternity leave paid and parental leave.
2. Shows those who commenced a period of paid maternity/parental leave in 2010-11 and how many of these were still serving 18 months, 3 years and 5 years later.
3. Commencement and related retention figures are recorded against the rank of the member when they commenced their period of paid maternity/parental leave.

Progress towards success

Males are more likely to be retained after taking a period of parental leave.

Access to quality childcare

Defence is committed to assisting its employees to manage the impact of work on their dependant care responsibilities. Defence has 22 early childhood education and care centres across Australia, made up of 19 long day care and three out of school hours centres¹⁸.

Defence is working with families to ensure childcare is available in appropriate locations. While Air Force took the precaution of closing a number of childcare centres, with the assistance of the Defence Community Organisation (DCO) case management, all affected families have been successful in arranging alternate care. This has led to Defence trialling the expansion of this individual case management service for childcare placement to support ADF families when they move to a new area or change their work or care arrangements, such as when a serving member returns from maternity or parental leave.

Around three in 10 (34.5%) ADF members have dependent children who live with them for more than 90 nights per year. Of these 52.7 per cent (10,652 respondents in total) have one or more children who are under the age of five.

Of ADF members who have dependent children under five who live with them for more than 90 nights per year, 60.6 per cent use childcare or care arrangements. ADF females are more likely to use childcare arrangements than males. In each of the services, just over five in 10 males and nine in 10 females with children under five use childcare arrangements.

As shown in Table 61 the type of childcare that members used varied. Childcare centres were the most commonly used form of arrangements by both males and females, with females across all Services more likely than males to use this form of arrangement (particularly Navy and Army females). Males across all Services were more likely than females to report that their partner provided care for their children.

¹⁸ Information from Defence Community Organisation website at [http://www.defence.gov.au/DCO/Children_\(Childcare\).htm](http://www.defence.gov.au/DCO/Children_(Childcare).htm) accessed on 23 August 2016.

Table 61: Type of childcare used by females and males with children under 5 by Service^{[1][2]}

Type of childcare used	Navy				Army				Air Force				ADF Total			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Childcare centre	248	76%	756	68%	288	72%	1700	64%	308	69%	979	65%	843	72%	3435	65%
Partner	27	8%	285	25%	41	10%	620	23%	38	9%	399	26%	105	9%	1304	25%
After school care	53	16%	194	17%	78	20%	476	18%	122	27%	283	19%	253	22%	953	18%
Do not use child care	24	7%	174	16%	41	10%	514	19%	40	9%	276	18%	106	9%	964	18%
Before school care	55	17%	145	13%	70	18%	336	13%	106	24%	209	14%	230	20%	690	13%
Family day care	25	8%	124	11%	35	9%	361	14%	38	9%	200	13%	98	8%	684	13%
Relative or friend (unpaid)	41	13%	162	14%	46	12%	252	9%	52	12%	210	14%	140	12%	624	12%
Vacation care	38	12%	83	7%	65	16%	197	7%	99	22%	142	9%	203	17%	423	8%
Occasional care	6	2%	60	5%	6	2%	196	7%	12	3%	119	8%	24	2%	374	7%
Relative or friend (paid)	10	3%	52	5%	24	6%	162	6%	25	6%	77	5%	59	5%	291	5%
Defence sponsored care	11	3%	53	5%	35	9%	109	4%	55	12%	80	5%	101	9%	242	5%
Baby sitter (paid)	18	6%	63	6%	17	4%	126	5%	16	4%	83	5%	51	4%	272	5%
Nanny or Au Pair	25	8%	41	4%	29	7%	120	5%	20	4%	55	4%	73	6%	216	4%
No regular care	3	1%	42	4%	5	1%	104	4%	3	1%	61	4%	12	1%	206	4%
Other care	3	1%	5	0%	8	2%	46	2%	9	2%	14	1%	20	2%	65	1%
Other employer sponsored care	2	1%	18	2%	0	0%	29	1%	3	1%	13	1%	5	0%	59	1%
Respite care	0	0%	2	0%	0	0%	4	0%	0	0%	9	1%	0	0%	15	0%
No answer	0	0%	8	1%	4	1%	19	1%	2	0%	8	1%	5	0%	35	1%
Sum of options selected	589	-	2267	-	792	-	5371	-	948	-	3217	-	2328	-	10852	-
Total respondents	325	-	1118	-	399	-	2662	-	445	-	1512	-	1168	-	5292	-

Source: 2015 Defence Census

Notes:

1. Multiple responses possible for each type of childcare therefore percentages may not add to 100.
2. Percentage figure represents number of times a childcare was selected by the total number of respondents for each column.

Table 62 shows the extent to which current childcare arrangements met the needs of members. Females for each of the Services were slightly more likely to state that their childcare needs were being met than males. Overall very few men and women reported that current arrangements did not meet their needs at all.

Table 62: How well do childcare needs meet the needs of ADF members, by gender for each Service

Does your current childcare meet your needs?	Navy				Army				Air Force				Total			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Fully	200	62%	601	54%	239	60%	1484	56%	298	67%	871	58%	737	63%	2957	56%
Partially	106	33%	440	39%	141	35%	979	37%	125	28%	572	38%	372	32%	1991	38%
Not at all	0	0%	34	3%	8	2%	57	2%	5	1%	37	2%	13	1%	128	2%
No answer	19	6%	42	4%	11	3%	142	5%	17	4%	32	2%	47	4%	216	4%
Total who used any childcare	325	100%	1118	100%	399	100%	2662	100%	445	100%	1512	100%	1168	100%	5292	100%

Source: 2015 Defence Census

Table 63 shows the reasons given by ADF members for their childcare needs either not being met or only partially being met. Females across each of the Services were more likely than their male counterparts to state that it was due to childcare services not opening early enough. Men in the Navy and Air Force were more likely than women to state that childcare fees were not affordable. Army females were more likely than their male counterparts to report that salary packaging for childcare was not available.

Table 63: Why childcare needs were not being fully met ^{[1][2]}

Why didn't the childcare meet your needs?	Navy				Army				Air Force				ADF Total			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Childcare fees not affordable	50	47%	275	58%	86	58%	581	56%	53	41%	325	53%	189	49%	1182	56%
Childcare services are not open early enough	66	62%	148	31%	75	50%	312	30%	65	50%	191	31%	206	54%	651	31%
Childcare services are not open late enough	19	18%	109	23%	36	24%	268	26%	35	27%	143	23%	91	24%	520	25%
Childcare places not available	19	18%	105	22%	23	15%	209	20%	17	13%	140	23%	60	16%	453	21%
Salary packaging for childcare is not available	20	19%	98	21%	41	28%	190	18%	23	18%	104	17%	84	22%	392	18%
Childcare required for shift work, but is not available at those times	17	16%	59	12%	16	11%	105	10%	42	32%	144	24%	75	19%	308	15%
Childcare required for block of times, due to absence from family when on deployments, exercises or training	12	11%	63	13%	25	17%	128	12%	20	15%	98	16%	57	15%	288	14%
Childcare required for weekends, but is not available at those times	19	18%	59	12%	28	19%	113	11%	25	19%	84	14%	71	18%	256	12%
Childcare facilities or services required are not available near your home or place of work	12	11%	52	11%	18	12%	117	11%	11	8%	54	9%	41	11%	223	11%
Childcare required for vacation periods (eg school holidays) but is not available at those times	18	17%	40	8%	14	9%	93	9%	15	12%	52	9%	48	12%	185	9%
Childcare required for before school and/or after school, but is not available at those times	13	12%	30	6%	19	13%	55	5%	11	8%	36	6%	43	11%	121	6%
Other	6	6%	65	14%	12	8%	126	12%	25	19%	77	13%	43	11%	268	13%
No answer	0	0%	10	2%	4	3%	5	0%	0	0%	8	1%	4	1%	22	1%
Sum of options selected	271	-	1113	-	397	-	2302	-	342	-	1456	-	1012	-	4869	-
Total respondents	106	-	475	-	149	-	1036	-	130	-	609	-	385	-	2119	-

Source: 2015 Defence Census

Notes:

1. Multiple responses possible therefore percentages may not add to 100.
2. Percentage figure represents number of times a childcare was selected by the total number of respondents for each column.

Table 64 shows the percentage of ADF women and men in each State and Territory who perceived that their childcare needs were only partially or not at all met. Results show that suitable childcare arrangements are most difficult to find for both men and women in New South Wales and Queensland.

Table 64: Percentage of women and men whose childcare needs were only partially or not at all met by State.

State	Women	%	Men	%
New South Wales	117	30%	736	35%
Queensland	69	18%	500	24%
Victoria	27	7%	229	11%
Australian Capital Territory	59	15%	162	8%
Northern Territory	27	7%	151	7%
South Australia	25	6%	131	6%
Western Australia	39	10%	110	5%
Tasmania	5	1%	2	0%
Overseas	8	2%	63	3%
No Answer	9	2%	33	2%
Total	385	100%	2119	100%

Source: 2015 Defence Census

Table 65: Reasons why childcare did not meet needs, women and men by State ^{[1][2]}

	New South Wales				Queensland				Victoria				Australian Capital Territory				Northern Territory				South Australia				Western Australia				Tasmania			
Why childcared did not meet needs	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Childcare fees not affordable	57	49%	441	60%	31	45%	277	55%	14	52%	126	55%	26	45%	80	49%	16	59%	83	55%	10	40%	76	58%	23	59%	60	54%	3	60%	2	100%
Childcare services are not open early enough	66	56%	266	36%	35	51%	132	26%	18	67%	64	28%	32	55%	66	41%	16	59%	38	25%	5	20%	31	24%	22	56%	30	27%	2	40%	2	100%
Childcare services are not open late enough	23	20%	195	26%	20	29%	110	22%	9	33%	61	27%	13	22%	48	30%	6	22%	35	23%	5	20%	27	21%	10	26%	22	20%	2	40%	2	100%
Childcare places not available	24	21%	169	23%	5	7%	76	15%	2	7%	50	22%	9	16%	56	35%	6	22%	33	22%	5	20%	27	21%	5	13%	18	16%	1	20%	0	0%
Salary packaging for childcare is not available	22	19%	131	18%	12	17%	84	17%	6	22%	47	21%	15	26%	42	26%	0	0%	13	9%	12	48%	32	24%	12	31%	25	23%	1	20%	0	0%
Childcare required for shift work, but is not available at those times	19	16%	105	14%	21	30%	88	18%	5	19%	26	11%	2	3%	12	7%	6	22%	20	13%	5	20%	22	17%	14	36%	19	17%	0	0%	0	0%
Childcare required for block of times, due to absence from family when on deployments, exercises or training	12	10%	94	13%	13	19%	80	16%	9	33%	25	11%	10	17%	16	10%	4	15%	18	12%	0	0%	19	15%	5	13%	19	17%	1	20%	0	0%
Childcare required for weekends, but is not available at those times	10	9%	91	12%	27	39%	63	13%	7	26%	22	10%	4	7%	14	9%	4	15%	14	9%	5	20%	22	17%	12	31%	21	19%	0	0%	0	0%
Childcare facilities or services required are not available near your home or place of work	23	20%	64	9%	4	6%	35	7%	2	7%	33	14%	9	16%	35	22%	0	0%	13	9%	3	12%	18	14%	0	0%	9	8%	0	0%	0	0%
Childcare required for vacation periods (eg school holidays) but is not available at those times	18	15%	63	9%	5	7%	45	9%	2	7%	15	7%	12	21%	24	15%	2	7%	5	3%	3	12%	13	10%	3	8%	8	7%	2	40%	0	0%
Childcare required for before school and/or after school, but is not available at those times	15	13%	43	6%	3	4%	22	4%	2	7%	5	2%	12	21%	14	9%	7	26%	8	5%	0	0%	9	7%	2	5%	14	13%	2	40%	0	0%
Other	3	3%	96	13%	14	20%	43	9%	2	7%	35	15%	7	12%	22	14%	4	15%	26	17%	9	36%	14	11%	3	8%	13	12%	0	0%	0	0%
No answer	0	0%	11	1%	2	3%	2	0%	0	0%	2	1%	0	0%	2	1%	2	7%	2	1%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Sum of options selected	292	-	1769	-	192	-	1057	-	78	-	511	-	151	-	431	-	73	-	308	-	62	-	310	-	111	-	258	-	14	-	6	-
Total respondents	117	-	737	-	69	-	500	-	27	-	229	-	58	-	162	-	27	-	151	-	25	-	131	-	39	-	111	-	5	-	2	-

Source: 2015 Defence Census

Notes:

1. Multiple responses possible for each type of childcare therefore percentages may not add to 100.
2. Percentage figures represent the number of times a type of childcare was selected by the total number of respondents for each column.

Table 65 shows the reasons given by ADF members for their childcare needs either not being met or only partially being met by location. In NSW women (20%) were proportionally more likely than men (9%) to state that childcare facilities were not available near their home or place of work. With the exception of South Australia and Tasmania, women in all States, were more likely than men to choose childcare facilities not being open early enough as a reason for it not meeting their needs. Childcare affordability was also a comparatively greater issue for men in all States, except Western Australia and the Northern Territory.

Progress towards success

Defence families have additional requirements due to the nature and conditions of service. Defence Census results suggest that the majority of member were having their childcare needs either fully or partially met. The Defence Community Organisation continues to offer alternative solutions and tailored support.

Gender pay audit

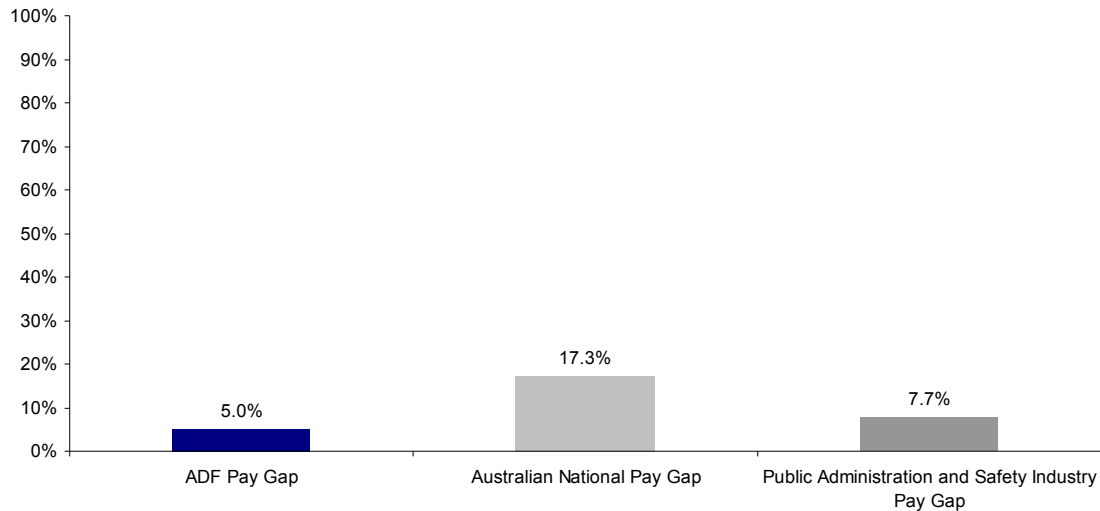
This section presents outcomes of a gender pay audit completed in accordance with how private companies examine gender pay gaps to satisfy the Workplace Gender Equality Agency reporting requirements. This metric is of interest at the national level and is one of the gender equity indicators that private companies in Australia must report in accordance with the Workplace Gender Equality Act 2012. Defence is not compelled to report under the Act however a gender pay gap analysis is a useful indicator in assessing gender equality. The gap is the percentage difference between women's average salary and men's average salary it does not account for differences in tenure or occupational role.

Pay equity is achieved when women and men receive equal pay for work of equal or comparable value; meaning that women and men performing the same role at the same performance standard are paid the same amount¹⁹. Under Defence's remuneration system, men and women are paid the same in the same circumstances. That is, men and women in the same occupation, at the same rank level, and tenure will be equivalently remunerated across the ADF.

The ADF gender pay gap is more a function of ADF women being disproportionately represented in lower ranks and in occupational groups that are in the lower pay grades and in lower pay increments. Defence is addressing these issues through initiatives to increase the proportion of women in non-traditional roles through the enhancement of recruiting targets, established tailoring mentoring and networking support for women in these roles and through the removal of gender restrictions on combat roles. To increase the proportion of women in more senior ranks, the organisation aims to ensure that women are well-represented in promotional gateways, further education and leadership development programs.

¹⁹ Workforce Gender Equality Agency website - <https://wgea.gov.au/lead/addressing-pay-equity>.

Figure 16: ADF gender pay gap, Australian national pay gap, and public administration and safety industry pay gap



Source: ADF pay - Defence HR system. Australian and industry pay – Workplace Gender Equality Agency: Gender pay gap statistics as at Nov 2015 www.wgea.gov.au

Figure 16 shows the ADF gender pay gap alongside the Australian national pay gap, and the pay gap that exists in the industry most relevant to Defence; public administration and safety. Using the Workplace Gender Equality Agency reporting requirements the ADF women's average salary is 5.0 per cent less than the ADF men's average salary. This is similar to the 2014–15 ADF gender pay gap of 4.8 per cent.

Table 66 shows the outcome of the gender pay audit by rank for the ADF workforce at 30 June 2016.

Table 66: Gender pay gap in ADF—comparisons of average actual salary, by Service and rank, 30 June 2016^{[1][2][3][4][5]}

Navy Officers		Army Officers		Air Force Officers	
Rank	% Salary Difference	Rank	% Salary Difference	Rank	% Salary Difference
Commodore (O07)	-4.41%	Major General (O08)	2.29%	Air Vice-Marshal (O08)	-10.98%
Captain (O06)	-0.25%	Brigadier (O07)	-4.58%	Air Commodore (O07)	0.66%
Commander (O05)	1.69%	Colonel (O06)	0.98%	Group Captain (O06)	6.50%
Lieutenant Commander (O04)	3.25%	Lieutenant Colonel (O05)	0.35%	Wing Commander (O05)	1.52%
Lieutenant (O03)	4.61%	Major (O04)	2.24%	Squadron Leader (O04)	6.64%
Sub Lieutenant (O02)	-0.47%	Captain (O03)	2.18%	Flight Lieutenant (O03)	9.10%
Acting Sub Lieutenant (O01)	2.26%	Lieutenant (O02)	4.85%	Flying Officer (O02)	2.81%
Midshipman (O00)	-1.77%	Second Lieutenant (O01)	0.63%	Pilot Officer (O01)	4.80%
		Officer Cadet (O00)	1.88%	Officer Cadet (O00)	2.00%

Navy Other Ranks		Army Other Ranks		Air Force Other Ranks	
Rank	% Salary Difference	Rank	% Salary Difference	Rank	% Salary Difference
Warrant Officer (E09)	2.64%	Warrant Officer Class 1 (E09)	4.25%	Warrant Officer (E09)	6.01%
Chief Petty Officer (E08)	4.98%	Warrant Officer Class 2 (E08)	4.87%	Flight Sergeant (E08)	6.25%
Petty Officer (E06)	5.14%	Sergeant (E06)	4.69%	Sergeant (E06)	5.00%
Leading Seaman (E05)	3.98%	Corporal (E05)	5.41%	Non-Commissioned Officer Cadet (E51)	0.55%
Able Seaman (E03)	3.26%	Lance Corporal (E04)	3.62%	Corporal (E05)	7.46%
Seaman (E02)	1.58%	Private Proficient (E03)	4.01%	Leading Aircraftman/Woman (E03)	4.59%
Seaman* (E01)	-0.76%	Private (E02)	-1.51%	Aircraftman/Woman (E02)	1.11%
Recruit (E00)	0.00%	Private Trainee (E01)	0.37%	Aircraftman/Woman Trainee (E01)	0.39%
		Recruit (E00)	0.00%	Aircraftman/Woman Recruit (E00)	0.00%

Source: Defence HR system

Notes:

1. Positive numbers indicate that average salary is higher for men; negative numbers indicate that average salary is higher for women.
2. Based on average actual salaries.
3. Excludes allowances.
4. Based on permanent and continuous full-time service ADF members.
5. Calculated from the average salary of men at rank, minus the average salary of women at rank. The difference is expressed as a percentage of the average salary of men at rank.

Figure 17 shows the percentage difference between the average salaries of male and female Officers in each Service. The largest differences in favour of women are at Navy's Commodore, and Midshipman ranks, Army's Brigadier and Air Force's Air Vice Marshall rank (equivalent to Brigadier, Officer Cadet and Major General respectively). Differences at these levels should be interpreted with caution, due to the small numbers of women in the Senior Officer ranks (O07 and O08). Women's representation in specialist roles, such as medical, accounts for the higher average salary at O07 and O08 ranks. The smaller, but more consistent differences are in men's favour at less senior officer ranks often less than five per cent. The Army's gender pay gap tends to be lower than the other Services at most officer ranks because Army Officers' pay grades are based more on rank than occupation. Percentage differences for each of the Services from the O01 to O06 ranks are very similar to 2014-15.

Figure 17: Average gender pay gap at each officer rank, by Service, 30 June 2016

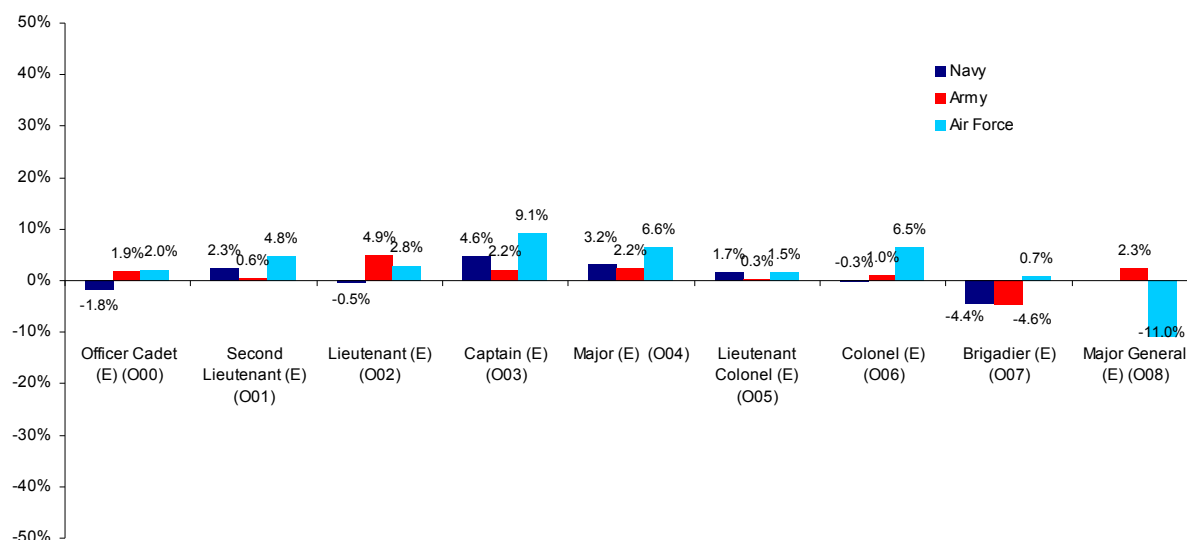
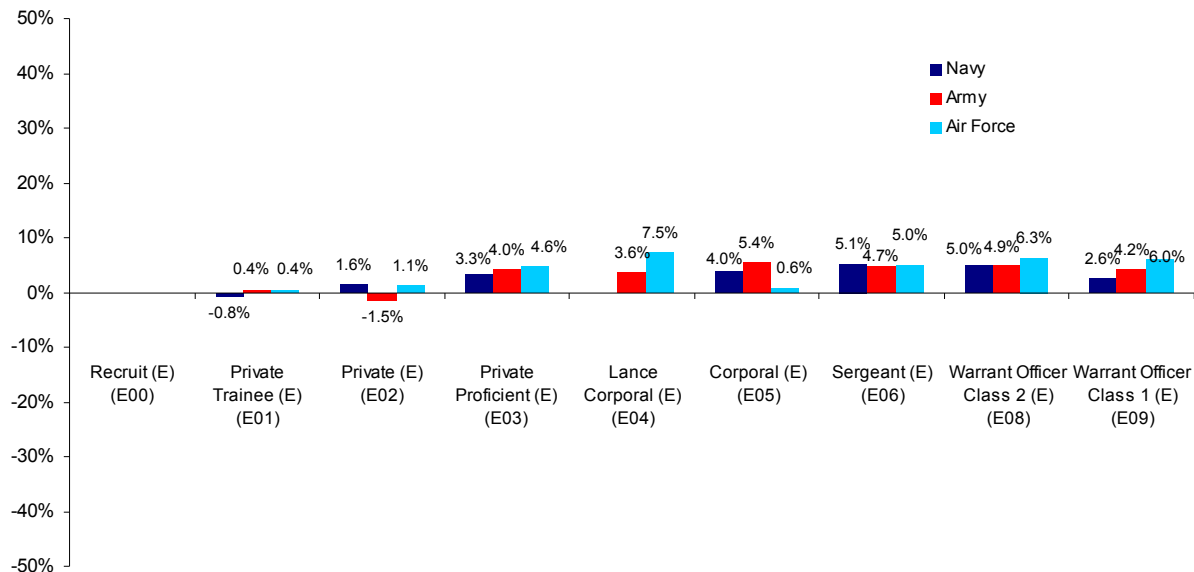


Figure 18 shows the percentage difference between the average salaries of female and male Other Ranks at the end of 2015–16. There were small gender pay gaps: average male salaries were slightly higher than average female salaries. There was no difference in men's and women's pay among Recruits, and a very small gap for the junior ranks. Small gaps begin to appear in the more senior NCO ranks, as differences in occupations and seniority levels begin to affect pay averages.

Figure 18: Average gender pay gap at each other rank, by Service, 30 June 2016



Defence has a robust process to ensure that pay is determined fairly and equitably. The ADF determines work value and subsequent remuneration proposals based primarily on capability delivery. Where there is a direct or similar civilian (non-military) occupation, market relativities may contribute to remuneration determinations. One example of this is in Defence's technical trades, where there are measurable market influences and relativity for trades such as vehicle mechanics. In contrast, many trades do not have a market equal, such as those found in the Army's combat arms (e.g. an Infantry Sergeant or Tank Commander). Such trades must be grown from within the ADF. In this context, direct contributors to ADF capability (military combat outputs) may be ascribed a higher work value.

The process of ascribing pay grades to trades is most often initiated by employment group sponsors and facilitated by the industrial relations cells of the individual Services. Proposals are then developed and proofed through a Defence committee process, and an endorsed proposal is submitted to the independent Defence Force Remuneration Tribunal. The tribunal makes a determination on the Defence salary and/or salary-related allowance. This process provides several points at which trade pay grade considerations can be reviewed for fairness and equity.

Progress towards success

From the data there appears to be no real difference in pay between the genders. Any differences that do occur are small and due to structural issues than any systemic gender bias.

Women's experience

Attitudes and perceptions

The experiences of women as they join and work in Defence help to form their perceptions and attitudes, which then affect their decision to remain in the ADF, and their degree of engagement with the organisation. This section explores women's perceptions of and attitudes towards work-related issues compared with those of men. In particular, some items selected are 'outcome measures', which have been determined to be the most representative of people's experience of an organisation, and the most salient when they are deciding whether they want to continue in Defence. Survey responses for 2015–16 are disaggregated by Service and gender, and are compared to survey responses for 2014–15.

Table 67: YourSay surveys (August 2015 and February 2016) – responses on ADF women's and men's experiences ^{[1][2][3][4]}

YourSay Survey	Navy		Army		Air Force		Total ADF	
	Women	Men	Women	Men	Women	Men	Women	Men
My job gives me a feeling of personal accomplishment	62.6%	69.6%	73.3%	68.2%	69.2%	70.7%	68.6%	69.3%
My job gives me opportunities to utilise my skills and training	62.7%	69.7%	72.0%	69.6%	69.4%	72.0%	68.3%	70.4%
I am satisfied with the recognition I receive for doing a good job	44.8%	46.2%	50.9%	47.8%	50.3%	48.6%	48.8%	47.7%
The people in my work group are honest, open and transparent in their dealings	62.0%	70.0%	61.3%	65.2%	63.3%	72.1%	62.3%	68.6%
My supervisor encourages me	70.4%	73.6%	70.5%	71.2%	71.4%	75.7%	70.8%	73.2%
I have a good supervisor	70.3%	75.8%	70.9%	74.7%	73.2%	77.0%	71.6%	75.7%
Communication between Defence senior leaders and other employees is effective	34.7%	33.8%	37.2%	33.9%	39.8%	40.3%	37.3%	35.8%
My workplace provides access to effective learning and development opportunities	59.7%	58.2%	61.7%	56.3%	59.6%	60.7%	60.4%	58.1%
Employees in the Navy/Army/Air Force/Department of Defence feel they are valued for their contribution	28.1%	34.6%	39.7%	41.4%	45.9%	45.1%	38.4%	40.8%
When someone praises the accomplishments of the Navy/Army/Air Force/ Department of Defence, it feels like a personal compliment to me	42.8%	42.3%	42.9%	38.3%	41.7%	42.1%	42.4%	40.5%
I am actively looking at leaving Defence/ (Service)	29.6%	29.3%	21.5%	26.7%	16.2%	19.4%	22.1%	25.1%
I like the job I do in my current position	62.5%	67.9%	68.3%	66.6%	66.6%	66.6%	65.9%	66.9%
Overall, I am satisfied with my job	60.6%	65.3%	68.8%	64.8%	66.5%	68.8%	65.5%	66.2%
I am proud to tell others that I am a member of Defence	76.1%	78.3%	82.9%	80.4%	84.6%	82.4%	81.5%	80.4%
I feel a strong sense of belonging to Defence	62.1%	67.3%	73.5%	69.5%	70.5%	69.8%	69.0%	69.1%
How would you rate your current individual level of morale? (% high/very high)	35.2%	40.4%	44.6%	41.3%	40.7%	41.7%	40.3%	41.2%
I could easily find employment outside of Defence	57.5%	64.8%	59.1%	59.0%	56.3%	55.1%	57.6%	59.3%
I believe Defence will benefit from Pathway to Change	50.3%	51.0%	42.8%	32.1%	70.1%	59.8%	54.8%	45.6%
I have seen evidence of Pathway to Change being used in Defence	46.8%	46.2%	39.1%	39.0%	65.4%	61.7%	50.8%	47.9%
I have seen evidence of Pathway to Change being used in my work area	42.4%	41.9%	29.2%	32.5%	57.7%	53.7%	43.3%	41.5%

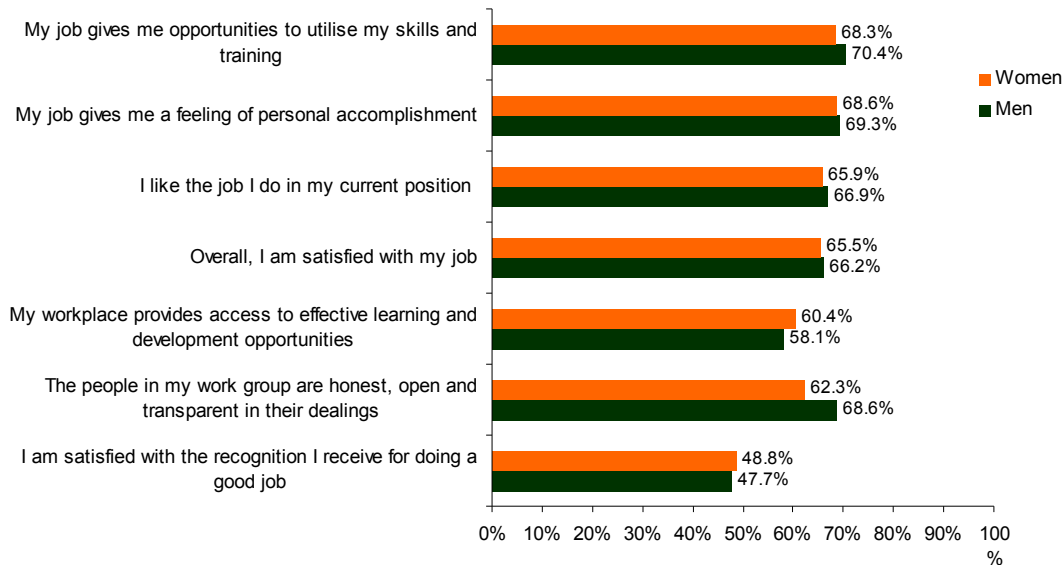
Source: YourSay surveys, August 2015 and February 2016.

Notes:

1. Data includes responses from ADF personnel
2. Cells highlighted in green indicate that 2015–16 responses were significantly more positive than for 2014–15.
3. Cells highlighted in red indicate that the 2015–16 responses were significantly less positive than for 2014–15.
4. Differences are based on statistical significance ($p < .05$) and measure of association (Cramer's $V > 0.1$).

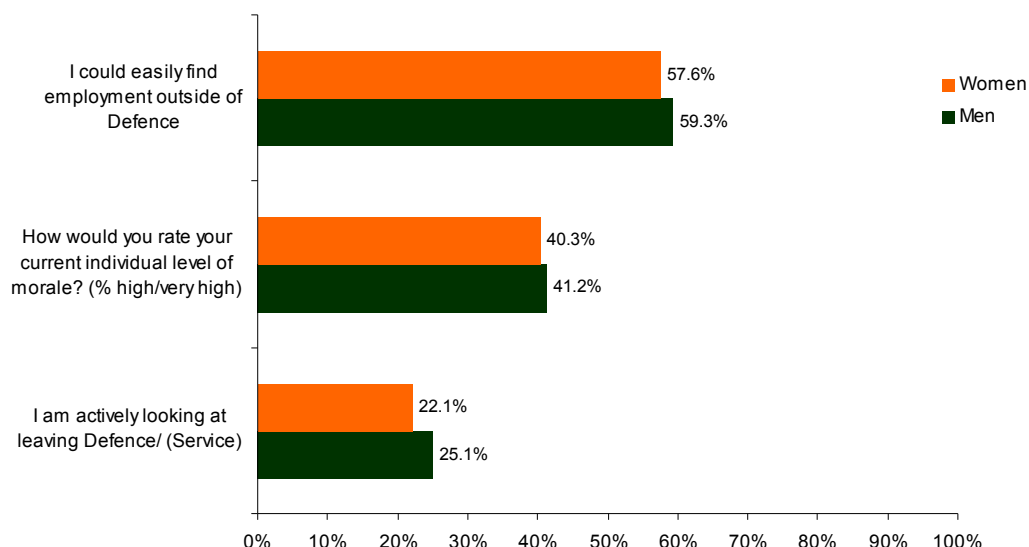
Figure 19 charts the responses of women and men in the ADF to questions about their satisfaction with their jobs, or aspects of their jobs. Overall, the responses were positive; over half of respondents were satisfied with most of the aspects covered. Similar to 2014–15 the job aspect which both men and women were least satisfied with was recognition for a job well done. The item with the most notable gender difference was about the honesty, openness and transparency of colleagues with men more positive than women in rating their colleagues.

Figure 19: Percentages of ADF women and men agreeing or strongly agreeing with YourSay items about job satisfaction, 2015–16



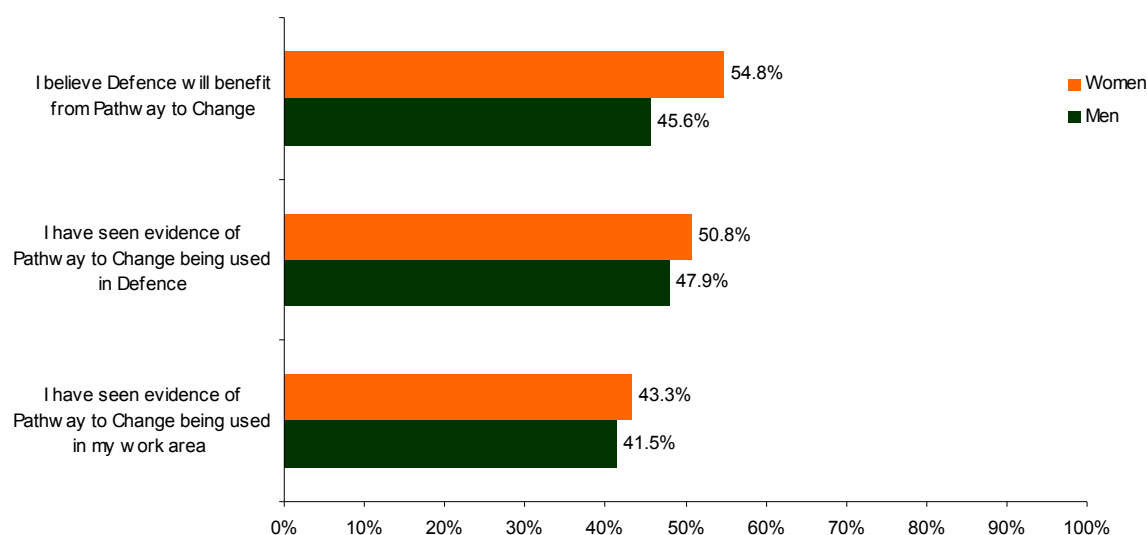
Outcome measures such as morale and intention to leave are key indicators of members' experiences in the ADF (Figure 20). In 2015–16, over half of women and men were confident in their ability to find work outside Defence, although Navy men were slightly more confident than Navy women, which was also the case in 2014–15. The proportion of men and women actively seeking to leave increased slightly on the previous year across all three Services; the percentage increase on the previous year was greatest for Navy women. However, overall women's and men's responses to these items were not markedly different to those in 2014–15.

Figure 20: Percentages of ADF women and men agreeing or strongly agreeing with YourSay items about morale and intention to leave, 2015–16



A significant proportion of Army women in 2015-16 compared to 2014-15 believed that Pathway to Change would benefit Defence; overall there was a slight increase in the proportion of all women and men who believed cultural change would be beneficial. Very similar proportions of members saw tangible evidence in their work areas and throughout the organisation (Figure 21). This plateau in the proportion of those seeing evidence of the Pathway to Change program may be due to its maturity, however new initiatives resulting from the First Principles Review program may improve future results.

Figure 21: Percentages of ADF women and men agreeing or strongly agreeing with YourSay items about Pathway to Change, 2015–16



Most ADF members were quite positive about their supervisors with around three-quarters of women and men indicating that they had a good supervisor, and around the same proportion agreeing that their supervisor encouraged them (Figure 22). Men were somewhat more positive about their supervisors than women, particularly in the Navy and

Air Force; Navy and Air Force women were less positive about their supervisor in 2015–16 than they were in the 2014–15.

Perceptions about communication between senior leaders and other employees were less positive where around one-third of women and men agreed or strongly agreed that it was effective.

Figure 22: Percentages of ADF women and men agreeing or strongly agreeing with YourSay items about leadership, 2015–16

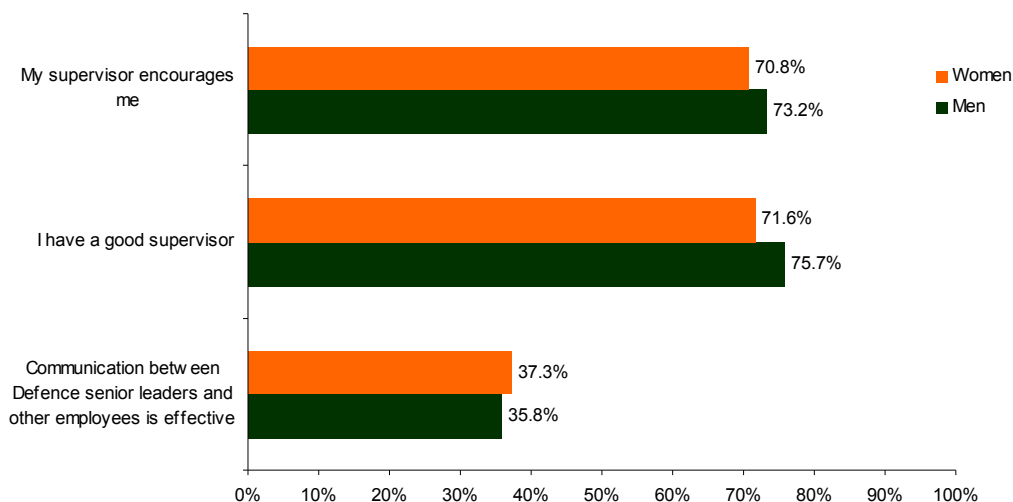
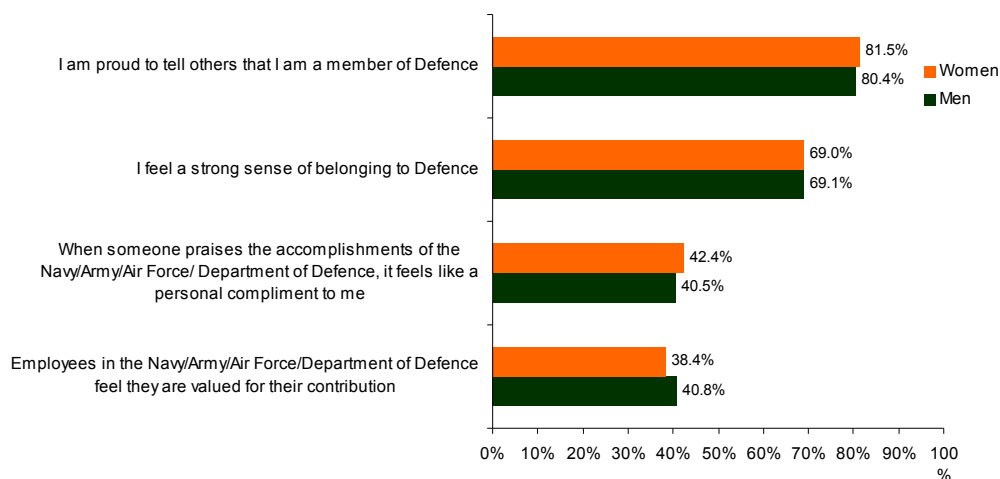


Figure 23 shows the extent to which women and men felt that they were a part of Defence, a concept known as affective commitment, which has been found to be very important in people’s engagement in their jobs. Similar to the previous year, attitudes to items in this group ranged quite widely, with a high level of belonging and pride in being a member of the ADF, but less positive attitudes towards praise and feeling valued. Responses for women and men were similar.

Figure 23: Percentages of ADF women and men agreeing or strongly agreeing with YourSay items about identification with Defence, 2015–16



Progress towards success

The perceptions regarding the support that the ADF provides to its members do not differ greatly between females and males. Men and women report feeling a strong sense of belonging and pride in being an ADF member.

Chapter 6: Workforce Management

We will know we have reached success in gender diversity and inclusion in Workforce Management when:

- the pool of future leaders is more gender diverse (KPI 12).
- the participation of women in each of the Services meets or exceeds the target set for 2023.
- females and males are proportionally represented across the occupational segmentations. (KPI 2)
- the proportion of women transferring out of non-traditional occupational groups is comparable to that of other occupational groups
- the proportion of women being reverted/reduced in rank is comparable to that of men
- increased flexible work practices and the flexible work arrangement target of 2 percent is met for each Service (KPI 3)
- gender representation on senior Defence committees is 40:40:20 (KPI 2)

Supporting Policy

MILPERSMAN Part 7, Chapter 6 – Flexible Work Arrangements for Members of the Australian Defence Force.

Policy statement – “FWA are a key tool for Commanding Officers (CO)/supervisors at all levels to support Defence members who need to balance the demands of military service with their family and/or other personal responsibilities and obligations; and in turn promote retention.”

MILPERSMAN Part 10, Chapter 3 – Transfer of personnel across the Service Spectrum

Policy statement – “The transfer of personnel between Service Categories (SERCATs) assists in the generation and sustainment of Defence capability and provides members with flexible career options.”

MILPERSMAN Part 6, Chapter 5 – Posting of inter-service Couples in the ADF.

Policy statement – “Defence acknowledges Inter-Service couples have the same career management and collocation expectations as other serving spouses and interdependent couples. The Services Career Management Agencies (CMA) collaborate to best manage collocation options for Inter-Service couples on posting.”

Historically, workforce management practices in Defence have inadvertently contributed to differences in outcomes for ADF men and women. This has been evidenced by the low levels of female representation in the ADF overall as well as in senior leadership roles. Defence has undertaken significant work to improve its workforce management practices, including (but not limited to) the introduction of flexible work targets for the ADF workforce, implementation of strategies to encourage women into non-traditional occupations and a greater focus on increasing the number of women in senior leadership roles.

This section presents information on numerous aspects of workforce management, including women's participation (including at senior leadership levels), occupational segregation, flexible work and female representation on senior committees.

Other key statistics are provided in relation to the proportion of serving men and women in recognised relationships with other serving members and the number and proportion of members reverted or reduced in rank.

Women's participation

Table 68 shows women and men's participation by rank as at 30 June 2016. The overall proportion of female ADF Officers rose from 18.7 per cent (2,733 women) to 19 per cent (2,772 women) during 2015-16. The proportion of female Officers in the senior leadership group is 11.7 per cent, representing an increase of 0.8 per cent (five women) from 2014-15.

Table 68: ADF permanent force, by gender and rank, 30 June 2016^{[1][2][3][4][5][6][7][8][9][10][11]}

2015-16	Navy					Army					Air Force					ADF				
	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%
Officers ^[2]																				
General (E) (O10)		-	0.0%		-		-	0.0%		-		0.0%	0.0%	1	100.0%	0	0.0%	0.0%	1	100.0%
Lieutenant General (E) (O09)		0.0%	0.0%	3	100.0%		0.0%	0.0%	1	100.0%		0.0%	0.0%	1	100.0%	0	0.0%	0.0%	5	100.0%
Major General (E) (O08)		0.0%	-7.1%	11	100.0%	1	6.3%	-0.4%	15	93.8%	2	18.2%	18.2%	9	81.8%	3	7.9%	2.9%	35	92.1%
Brigadier (E) (O07)	4	10.3%	-0.3%	35	89.7%	8	14.3%	3.4%	48	85.7%	4	10.0%	2.1%	36	90.0%	16	11.9%	1.9%	119	88.1%
Colonel (E) (O06)	16	14.3%	0.4%	96	85.7%	20	10.8%	0.4%	165	89.2%	17	12.1%	0.0%	124	87.9%	53	12.1%	0.2%	385	87.9%
Sub-total ADF Senior Leaders ^[3]	20	12.1%	-0.2%	145	87.9%	29	11.2%	1.0%	229	88.8%	23	11.9%	1.4%	171	88.1%	72	11.7%	0.8%	545	88.3%
Lieutenant Colonel (E) (O05)	52	13.0%	1.2%	349	87.0%	95	14.9%	1.0%	544	85.1%	74	15.2%	0.1%	413	84.8%	221	14.5%	0.8%	1,306	85.5%
Sub-total Pipeline for ADF Senior Leaders ^[4]	52	13.0%	1.2%	349	87.0%	95	14.9%	1.0%	544	85.1%	74	15.2%	0.1%	413	84.8%	221	14.5%	0.8%	1,306	85.5%
Major (E) (O04)	151	19.2%	0.1%	634	80.8%	279	15.2%	-0.1%	1,559	84.8%	233	19.8%	0.3%	943	80.2%	663	17.5%	0.1%	3,136	82.5%
Captain (E) (O03)	275	21.9%	-0.3%	983	78.1%	274	14.9%	-0.3%	1,566	85.1%	414	22.7%	0.7%	1,412	77.3%	963	19.6%	0.1%	3,961	80.4%
Lieutenant (E) (O02)	61	21.5%	0.4%	223	78.5%	226	24.0%	0.9%	715	76.0%	172	28.1%	-0.4%	441	71.9%	459	25.0%	0.4%	1,379	75.0%
Second Lieutenant (E) (O01)	5	9.6%	-8.0%	47	90.4%	3	27.3%	-15.6%	8	72.7%	47	17.4%	-1.7%	223	82.6%	55	16.5%	-2.9%	278	83.5%
Officer Cadet (E) (O00)	82	23.6%	-0.1%	265	76.4%	127	17.0%	1.1%	620	83.0%	130	28.4%	1.6%	327	71.6%	339	21.9%	1.2%	1,212	78.1%
Total Officers	646	19.6%	0.0%	2,646	80.4%	1,033	16.5%	0.3%	5,241	83.5%	1,093	21.8%	0.4%	3,930	78.2%	2,772	19.0%	0.3%	11,817	81.0%
Other Ranks ^[2]																				
Warrant Officer Class 1 (E) (E10 and E09) ^[5]	19	8.4%	1.0%	206	91.6%	70	10.5%	0.5%	595	89.5%	51	9.0%	0.4%	514	91.0%	140	9.6%	0.5%	1,315	90.4%
Warrant Officer Class 2 (E) (E08)/Staff Sergeant (E07)	95	9.6%	-0.1%	895	90.4%	193	9.9%	0.2%	1,766	90.1%	117	15.0%	0.1%	662	85.0%	405	10.9%	0.1%	3,323	89.1%
Sergeant (E) (E06)	188	13.4%	0.4%	1,212	86.6%	276	10.8%	-0.5%	2,271	89.2%	259	15.7%	0.2%	1,395	84.3%	723	12.9%	0.0%	4,878	87.1%
Corporal (E) (E05)/Lance Corporal (E04) ^[6]	482	20.4%	-0.5%	1,877	79.6%	656	11.7%	-0.1%	4,974	88.3%	431	18.4%	1.0%	1,911	81.6%	1,569	15.2%	0.0%	8,762	84.8%
Private Proficient (E) (E03)	792	20.0%	0.4%	3,163	80.0%	762	9.5%	0.7%	7,223	90.5%	532	18.8%	1.3%	2,295	81.2%	2,086	14.1%	0.5%	12,681	85.9%
Private (E) (E02)	216	24.2%	1.2%	677	75.8%	300	13.3%	0.2%	1,956	86.7%	86	19.0%	-7.9%	367	81.0%	602	16.7%	-0.4%	3,000	83.3%
Private Trainee(E) (E01 and E51) ^[7]	181	25.4%	1.1%	532	74.6%	198	11.6%	-0.7%	1,502	88.4%	130	24.3%	0.8%	404	75.7%	509	17.3%	0.4%	2,438	82.7%
Private Recruit (E) (E00)	53	27.0%	3.5%	143	73.0%	104	15.9%	-3.1%	552	84.1%	55	33.7%	19.6%	108	66.3%	212	20.9%	1.3%	803	79.1%
Total Other Ranks	2,026	18.9%	0.3%	8,705	81.1%	2,559	10.9%	0.0%	20,839	89.1%	1,661	17.8%	0.7%	7,656	82.2%	6,246	14.4%	0.2%	37,200	85.6%
Total ADF Permanent	2,672	19.1%	0.2%	11,351	80.9%	3,592	12.1%	0.0%	26,080	87.9%	2,754	19.2%	0.6%	11,586	80.8%	9,018	15.5%	0.2%	49,017	84.5%

Source: Defence HR system.

Notes:

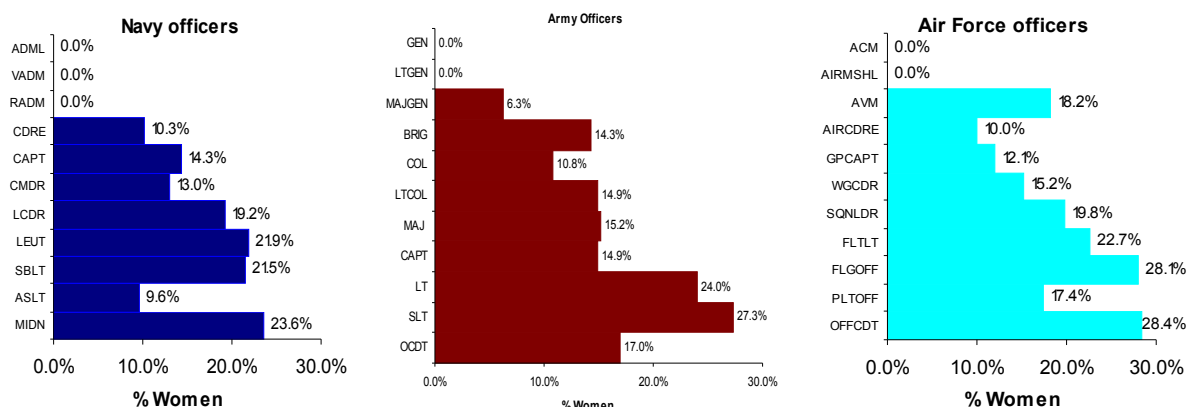
- Figures in this table are based on the ADF permanent force (substantive headcount) as at 30 June 2016.
- The Army rank descriptions with an (E) following them also refer to the equivalent rank in the Navy and Air Force.
- For the purposes of this report, ADF senior leaders refer to those with ranks of Colonel (E) and above.
- In this report, the pipeline for senior leadership roles includes those members at Lieutenant Colonel (E) level.
- Warrant Officer Class 1 figures include Warrant Officer—Navy, Regimental Sergeant Major—Army (E10) and Warrant Officer—Air Force.
- E04 is an Army-only rank.
- The Air Force rank of Non-Commissioned Officer Cadet (E51) is included with Private Trainee (E) figures.
- Delta (Δ) figures show the difference in percentages of women from 30 June 2016 to 30 June 2015.
- Cells highlighted in green indicate that the 2015-16 percentage of women was at least 5.0 per cent greater than the 2014-15 percentage of women.
- Cells highlighted in orange indicate that the 2015-16 percentage of women was at least 5.0 per cent less than the 2014-15 percentage of women.
- Percentages may not sum due to rounding.

Figure 24 below shows the proportion of women at each rank within the ADF officer workforce. The Navy has a comparatively strong proportion of women in the junior officer ranks; however, that proportion decreases at the Commander level, with lower proportions in the most senior ranks. The profile for Navy's officer workforce remained largely the same as in 2014-15, with two key exceptions. There was a reduction in the proportion of women at the rank of Rear Admiral (from 7.1 per cent to zero), reflecting the separation of the only female Rear Admiral together with an overall reduction in the number of members at the Rear Admiral rank. There was also a notable reduction in the proportion of female Acting Sub Lieutenants, from 17.6 per cent to 9.6 per cent; reflecting a decrease of four females in this relatively small rank group. This rank group is normally a short tenure trainee rank, and not everyone passes through it. It mostly consists of direct entry, non-degree qualified entrants. In Air Force the Pilot Officer rank consists of many categories that have low female representation therefore few females pass through this rank.

While the ranks of Officer Cadet, Captain and Major continue to have a smaller proportion of women than the Navy and the Air Force, Army is relatively successful in retaining women's representation with increasing rank. The proportion of 6.3 per cent at the rank of Major General represents one woman in a total of 16 permanent two-star positions. There was a 3.4 per cent increase in the proportion of women at Brigadier rank in 2015-16, reflecting an increase of two females at this rank. The proportion of women at all other Officer ranks remained largely unchanged since 2014-15²⁰.

Air Force has the highest proportion of women at the entry-level Officer Cadet (28.4 per cent) rank across the Services. As for Navy, this proportion declines with increasing rank with the smallest proportion being at the rank of Air Commodore. Since 2014-15, Air Force has promoted two females to the rank of Air Vice-Marshal, representing an 18.2 per cent increase in a rank which had no female representation in the previous year.

Figure 24: Percentage of women at each officer rank, by Service, 30 June 2016



²⁰ There was a 15.6 per cent reduction in women at the Second Lieutenant rank, however this represented a reduction of only one female in this small rank group.

Figure 25 shows the proportions of women at each of the Other Ranks for each Service. Over two in ten Navy members at the junior ranks of Recruit and Seaman Star are women. Approximately two in ten members of Able Seaman and Leading Seaman ranks are women; then consistent with the pattern for Navy Officers, there is a decline from Petty Officer to Warrant Officer. There was very little change in the proportion of women at each other rank compared with 2014-15 for Navy.

While the Army's Other Ranks hold the lowest proportion of women throughout the ADF at 10.9 per cent, the Army continues to have less variation in the proportion of women throughout its Other Ranks, resulting in a relatively flat rank profile. The Army has the highest proportion of women in the Warrant Officer (E09) rank compared with the other Services. There was very little change in the proportion of women at each rank compared with 2014-15 for the Army.

The Air Force has the highest proportion of women at the Sergeant (E06) and Flight Sergeant (E07/E08) ranks of all the Services, with the drop at higher ranks not occurring until Warrant Officer (E09). In 2015-16, there was a notable increase in the proportion of female recruits which rose from 14.2 per cent in 2014-15 to 33.7 per cent in 2015-16. This reflects a recovery in the number of female recruits to levels higher than in 2013-14, following a decline in 2014-15. There was a decrease in the proportion of female Aircraft Women from 26.9 per cent in 2014-15 to 19 per cent in 2015-16.

The proportion of women in the ADF at 30 June 2016 is 15.5 per cent, compared with 15.3 per cent at 30 June 2015. This reflects a net increase of 215 women.

Figure 25: Percentage of women at each other rank, by Service, 30 June 2016

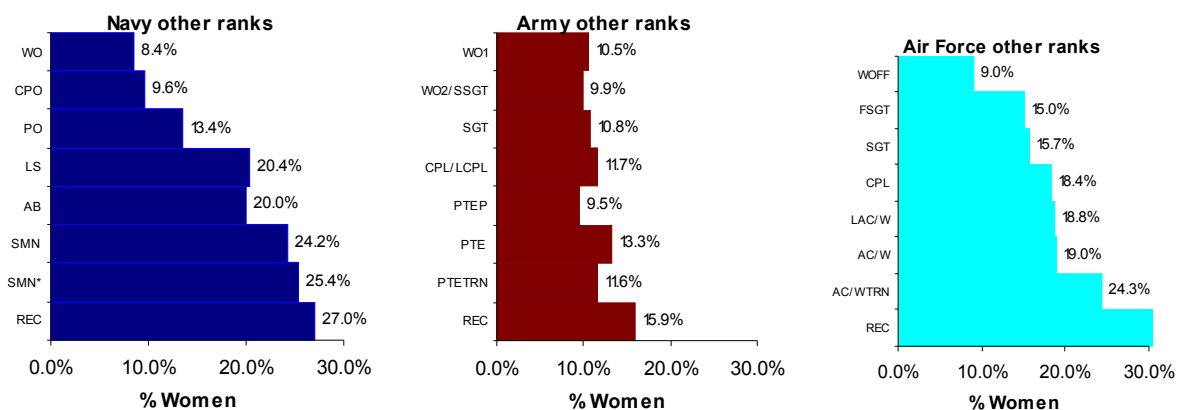


Table 69 shows the number of men and women in each employment area.

Table 69: ADF permanent force, by gender and employment location, 30 June 2016 ^{[1][2][3][4][5][6][7][8]}

2015-16	Navy					Army					Air Force					ADF				
	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%
NSW																				
Greater Sydney	1,020	18.7%	0.3%	4,426	81.3%	413	11.7%	-0.6%	3,108	88.3%	247	16.8%	0.0%	1,226	83.2%	1,680	16.1%	-0.1%	8,760	83.9%
Hunter and Northern NSW	2	6.9%	3.8%	27	93.1%	30	4.4%	1.8%	652	95.6%	374	15.3%	0.0%	2,075	84.7%	406	12.8%	0.7%	2,754	87.2%
Southern and Central NSW	170	13.4%	0.5%	1,096	86.6%	173	14.1%	-0.6%	1,052	85.9%	183	25.7%	5.8%	530	74.3%	526	16.4%	1.4%	2,678	83.6%
Total NSW	1,192	17.7%	0.3%	5,549	82.3%	616	11.3%	0.0%	4,812	88.7%	804	17.3%	0.9%	3,831	82.7%	2,612	15.5%	0.4%	14,192	84.5%
QLD																				
Brisbane and Southern QLD	32	24.8%	3.6%	97	75.2%	813	13.1%	0.0%	5,381	86.9%	538	20.4%	-0.6%	2,096	79.6%	1,383	15.4%	0.0%	7,574	84.6%
Darling Downs and Central QLD	8	32.0%	6.1%	17	68.0%	86	12.8%	1.1%	585	87.2%	13	31.0%	6.0%	29	69.0%	107	14.5%	1.5%	631	85.5%
Northern QLD	123	19.1%	-0.1%	520	80.9%	584	10.6%	0.0%	4,945	89.4%	98	23.1%	2.3%	327	76.9%	805	12.2%	0.0%	5,792	87.8%
Total QLD	163	20.5%	0.7%	634	79.5%	1,483	12.0%	0.1%	10,911	88.0%	649	20.9%	-0.1%	2,452	79.1%	2,295	14.1%	0.1%	13,997	85.9%
VIC and TAS^[3]																				
Greater Melbourne	14	19.2%	0.1%	59	80.8%	140	14.0%	1.0%	859	86.0%	70	18.2%	0.6%	315	81.8%	224	15.4%	0.9%	1,233	84.6%
Regional Victoria and Tasmania	332	21.7%	-0.6%	1,199	78.3%	282	12.4%	-1.6%	1,998	87.6%	108	18.1%	0.5%	488	81.9%	722	16.4%	-1.0%	3,685	83.6%
Total VIC and TAS	346	21.6%	-0.6%	1,258	78.4%	422	12.9%	-0.8%	2,857	87.1%	178	18.1%	0.5%	803	81.9%	946	16.1%	-0.5%	4,918	83.9%
SA	23	13.2%	-3.3%	151	86.8%	106	7.2%	-0.2%	1,370	92.8%	294	14.6%	0.2%	1,719	85.4%	423	11.5%	-0.1%	3,240	88.5%
Total SA	23	13.2%	-3.3%	151	86.8%	106	7.2%	-0.2%	1,370	92.8%	294	14.6%	0.2%	1,719	85.4%	423	11.5%	-0.1%	3,240	88.5%
WA	410	17.7%	-0.4%	1,910	82.3%	92	10.6%	0.1%	772	89.4%	55	17.2%	1.5%	265	82.8%	557	15.9%	-0.1%	2,947	84.1%
Total WA	410	17.7%	-0.4%	1,910	82.3%	92	10.6%	0.1%	772	89.4%	55	17.2%	1.5%	265	82.8%	557	15.9%	-0.1%	2,947	84.1%
ACT^[4]	440	26.6%	0.8%	1,214	73.4%	492	18.1%	0.7%	2,219	81.9%	547	27.2%	2.1%	1,461	72.8%	1,479	23.2%	1.3%	4,894	76.8%
Total ACT	440	26.6%	0.8%	1,214	73.4%	492	18.1%	0.7%	2,219	81.9%	547	27.2%	2.1%	1,461	72.8%	1,479	23.2%	1.3%	4,894	76.8%
NT	86	15.0%	0.3%	487	85.0%	366	11.3%	0.9%	2,882	88.7%	192	19.9%	-0.1%	771	80.1%	644	13.5%	0.5%	4,140	86.5%
Total NT	86	15.0%	0.3%	487	85.0%	366	11.3%	0.9%	2,882	88.7%	192	19.9%	-0.1%	771	80.1%	644	13.5%	0.5%	4,140	86.5%
Total Australia	2,660	19.2%	0.2%	11,203	80.8%	3,577	12.2%	0.0%	25,823	87.8%	2,719	19.4%	0.7%	11,302	80.6%	8,956	15.6%	0.2%	48,328	84.4%
Total Overseas^[5]	12	7.5%	1.8%	148	92.5%	15	5.5%	-0.1%	257	94.5%	35	11.0%	-4.9%	284	89.0%	62	8.3%	-1.5%	689	91.7%

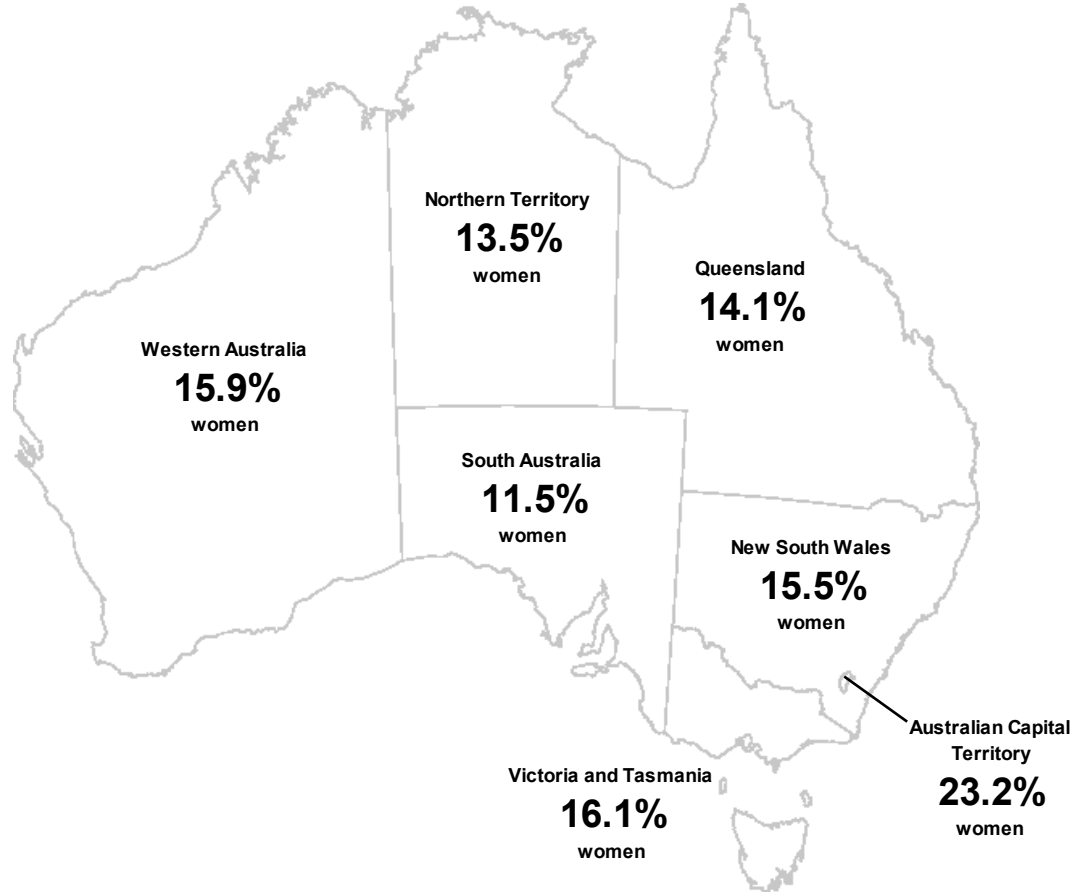
Source: Defence HR system.

Notes:

- Figures in this table are based on the ADF permanent force (substantive headcount) as at 30 June 2016.
- Members serving in ships are included against the state or territory in which the ship is home-ported.
- Victorian and Tasmanian figures include members located in Albury NSW.
- ACT figures include members located in Jervis Bay Territory, Queanbeyan and Bungendore.
- Overseas figures represent members posted for long-term duty.
- Delta (Δ) figures show the difference in the percentages of women from 30 June 2016 to 30 June 2015.
- Cells highlighted in green indicate that the 2015–16 percentage of women was at least 5.0 per cent greater than the 2014–15 percentage of women.
- Percentages may not sum due to rounding.

Figure 26 shows permanent ADF women in each Australian state and territory as a proportion of all permanent ADF members at the end of 2015–16. While there was some variation between the states, the Australian Capital Territory had the highest proportion of women. This was most likely influenced by the higher proportion of officer-rank roles and work related to occupations in which women have greater representation (such as intelligence, logistics, administration and support), and the lower proportion of operational roles in the ACT, compared with the rest of the country. There has been little change in these figures over 2015–16.

Figure 26: Percentage of ADF women in each state and territory who are female, 30 June 2016



The proportions of women in each state and territory are influenced by the main bases there. There are several bases and establishments in each state as well as offices in capital cities' central business districts. Table 70 summarises the main bases and the Service of the main base population.

Table 70: Key bases in each Australian state and territory, by Service

	Navy	Army	Air Force	Tri-Service
New South Wales	Garden Island Precinct	Holsworthy Barracks	RAAF Williamtown	
	HMAS Albatross	Kapooka	RAAF Richmond	
	HMAS Kuttabul			
	Fleet Base East			
Queensland	HMAS Watson			
	HMAS Cairns	Lavarack Barracks	RAAF Amberley	
		Enoggera Barracks		
		Simpson Barracks	RAAF Williams	
Victoria and Tasmania	HMAS Cerberus	Puckapunyal Military Area	RAAF East Sale	Angelsea Barracks
		Gaza Ridge Barracks		
South Australia		Keswick Barracks	RAAF Edinburgh	
Western Australia	HMAS Stirling			
	Fleet Base West	Karrakatta	RAAF Pearce	
Australian Capital Territory	HMAS Harman	Duntroon		Russell Offices
	HMAS Creswell (Jervis Bay)			Headquarters Joint Operations Command
				Brindabella Park
Northern Territory		Robertson Barracks	RAAF Darwin	ADFA
	Darwin Fleet Base East	Larrakeyah Barracks	RAAF Tindal	

Progress towards success

Gender diversity in leadership positions is something that all organisations should aspire to. In the ADF the pool of females at the junior ranks for Officers and Other Ranks is comparatively strong. However, it appears that further along the career continuum, less diversity is present. Identifying the barriers or support required to improve this diversity imbalance is required before any firm conclusions can be drawn.

Occupational Segregation

As part of efforts to increase the participation of women in the ADF, Defence is committed to improving the representation of women in non-traditional employment groups. Table 71 provides a view of the Defence workforce by occupational group. These occupational groups were developed for the inaugural Women in the ADF Report in 2012-13 and have been used since as a means by which the occupational break-up of the ADF workforce can be easily understood by an external audience.

Defence is committed to having a workforce that is inclusive of gender within the occupation groups. Although it is acknowledged that there will always be occupations where equal representation is not achievable. This is especially relevant within Army due to the high number of jobs within the combat and security occupational group. This is also unlikely to change even with the recent opening of combat roles to women, as individuals choose what occupation they would prefer to join. Those women who do choose combat and security occupations are mentored throughout their career.

Table 71: ADF permanent force, by gender, occupational group and rank group, 30 June 2016^{[1][2][3][4][5]}

2015-16	Navy					Army					Air Force					ADF				
	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%	Women	%	Δ	Men	%
Aviation																				
Officers	18	5.5%	0.2%	309	94.5%	22	5.1%	0.0%	411	94.9%	210	10.5%	0.6%	1,798	89.5%	250	9.0%	0.4%	2,518	91.0%
Other Ranks	13	8.3%	3.0%	143	91.7%	44	12.7%	0.8%	303	87.3%	74	32.7%	-0.9%	152	67.3%	131	18.0%	1.1%	598	82.0%
Total Aviation	31	6.4%	1.1%	452	93.6%	66	8.5%	0.3%	714	91.5%	284	12.7%	0.7%	1,950	87.3%	381	10.9%	0.6%	3,116	89.1%
Combat and Security																				
Officers	254	18.4%	-0.4%	1,125	81.6%	36	2.4%	0.2%	1,455	97.6%	6	5.6%	-1.0%	101	94.4%	296	9.9%	-0.2%	2,681	90.1%
Other Ranks	442	17.5%	0.9%	2,083	82.5%	133	1.6%	0.3%	8,258	98.4%	114	11.2%	0.5%	906	88.8%	689	5.8%	0.3%	11,247	94.2%
Total Combat and Security	696	17.8%	0.5%	3,208	82.2%	169	1.7%	0.3%	9,713	98.3%	120	10.6%	0.3%	1,007	89.4%	985	6.6%	0.2%	13,928	93.4%
Communications, Intelligence and Surveillance																				
Officers	23	30.3%	2.9%	53	69.7%	127	17.9%	-0.6%	582	82.1%	71	34.1%	1.0%	137	65.9%	221	22.3%	0.0%	772	77.7%
Other Ranks	486	31.0%	-0.8%	1,082	69.0%	269	12.7%	0.2%	1,844	87.3%	300	22.3%	0.6%	1,045	77.7%	1,055	21.0%	-0.1%	3,971	79.0%
Total Communications, Intelligence and Surveillance	509	31.0%	-0.6%	1,135	69.0%	396	14.0%	0.0%	2,426	86.0%	371	23.9%	0.7%	1,182	76.1%	1,276	21.2%	-0.1%	4,743	78.8%
Engineering, Technical and Construction																				
Officers	78	10.0%	-0.3%	699	90.0%	91	9.0%	0.2%	922	91.0%	133	10.7%	0.3%	1,112	89.3%	302	10.0%	0.1%	2,733	90.0%
Other Ranks	286	6.3%	0.0%	4,249	93.7%	113	2.1%	0.2%	5,355	97.9%	188	4.1%	0.6%	4,395	95.9%	587	4.0%	0.3%	13,999	96.0%
Total Engineering, Technical and Construction	364	6.9%	-0.1%	4,948	93.1%	204	3.1%	0.2%	6,277	96.9%	321	5.5%	0.6%	5,507	94.5%	889	5.0%	0.2%	16,732	95.0%
Health																				
Officers	67	43.2%	1.2%	88	56.8%	325	48.2%	1.2%	349	51.8%	216	60.3%	-0.6%	142	39.7%	608	51.2%	0.7%	579	48.8%
Other Ranks	182	48.7%	-0.8%	192	51.3%	390	42.2%	0.3%	535	57.8%	134	56.1%	2.2%	105	43.9%	706	45.9%	0.3%	832	54.1%
Total Health	249	47.1%	0.0%	280	52.9%	715	44.7%	0.7%	884	55.3%	350	58.6%	0.5%	247	41.4%	1,314	48.2%	0.4%	1,411	51.8%
Logistics, Administration and Support																				
Officers	203	38.5%	0.8%	324	61.5%	296	25.8%	0.3%	853	74.2%	451	43.2%	0.7%	594	56.8%	950	34.9%	0.6%	1,771	65.1%
Other Ranks	617	39.2%	0.8%	955	60.8%	1,610	26.2%	-0.1%	4,543	73.8%	851	44.7%	0.8%	1,052	55.3%	3,078	32.0%	0.2%	6,550	68.0%
Total Logistics, Administration and Support	820	39.1%	0.8%	1,279	60.9%	1,906	26.1%	0.0%	5,396	73.9%	1,302	44.2%	0.7%	1,646	55.8%	4,028	32.6%	0.3%	8,321	67.4%
Not Allocated to Occupational Group																				
Senior Officers	3	5.9%	0.1%	48	94.1%	9	12.7%	1.6%	62	87.3%	6	11.5%	5.7%	46	88.5%	18	10.3%	2.3%	156	89.7%
Warrant Officer of the Service	0	0.0%	0.0%	1	100.0%	0	0.0%	0.0%	1	100.0%	0	0.0%	0.0%	1	100.0%	0	0.0%	0.0%	3	100.0%
Unallocated Trainees	0	-	0.0%	0	-	127	17.3%	1.1%	607	82.7%	0	-	0.0%	0	0	127	17.3%	1.1%	607	82.7%
Total Not Allocated to Occupational Group	3	5.8%	0.1%	49	94.2%	136	16.9%	1.1%	670	83.1%	6	11.3%	5.6%	47	88.7%	145	15.9%	1.2%	766	84.1%
Total ADF Permanent	2,672	19.1%	0.2%	11,351	80.9%	3,592	12.1%	0.0%	26,080	87.9%	2,754	19.2%	0.6%	11,586	80.8%	9,018	15.5%	0.2%	49,017	84.5%

Source: Defence HR system.

Notes

1. Figures are based on the ADF permanent force substantive headcount as at 30 June 2016
2. Delta (Δ) figures show the difference in the percentages of women from 30 June 2016 to 30 June 2015.
3. Cells highlighted in green indicate that the 2015–16 percentage of women was at least 5.0 per cent greater than the 2014–15 percentage of women.
4. Percentages may not sum due to rounding.
5. Occupations in each occupational group are listed below.

Aviation: Air Combat Officer, Air Combat Officer Trainee, Crew Attendant, Crew Attendant Trainee, Joint Battlefield Airspace Control, Joint Battlefield Airspace Control Trainee, Loadmaster, Loadmaster Trainee, Pilot, Pilot Trainee, Aircrew, Aircrewman (ECN 163), Aviation Officer, Aviation Support, Groundcrewman Aircraft Support (ECN 164), Groundcrewman Mission Support (ECN 165), Maritime Aviation Warfare Officer, Pilot, Pilot Officer, Regimental Sergeant Major (ECN 350), Warrant Officer (Entry)

Combat and security: Combat Controller, Combat Controller Trainee, Armoured Cavalry (ECN 060), Armoured Officer, Regimental Sergeant Major (ECN 350), Artillery Command Systems Operator (ECN 254), Artillery Gunner (ECN 162), Artillery Light Gunner (ECN 161), Artillery Observer (ECN 255), Artillery Officer, Assistant Instructor (ECN 026), Ground Based Air Defence (ECN 237), Manager Offensive Support (ECN 357), Manager Surveillance and Target Acquisition (ECN 430), Regimental Sergeant Major (ECN 350), Emergency Responder (ECN 141), Air Base Protection, Air Base Protection Trainee, Air Force Police, Air Force Security, Air Force Security Trainee, Airfield Defence Guard, Airfield Defence Guard Trainee, Firefighter, Firefighter Trainee, Ground Defence Officer, Ground Defence Officer Trainee, Security Police Officer, Commando (ECN 079), Commando Officer, Infantry Officer, Regimental Sergeant Major (ECN 350), Rifleman (ECN 343), SAS Officer, SAS Trooper (ECN 353), ADF Investigator (ECN 190), Military Police (ECN 315), Military Police Officer, Regimental Sergeant Major (ECN 350), Boatswains Mate, Clearance Diver, Combat Systems Operator, Combat Systems Operator Mine Warfare, Hydrographic Systems Operator, Maritime Geospatial Officer (Hydrographer), Maritime Geospatial Officer (Meteorologist/Oceanographer), Maritime Warfare Officer, Maritime Warfare Officer Submariner, Mine Clearance Diver, Naval Police Coxswain (Officer), Naval Police Coxswain (Sailor), Principal Warfare Officer, Warrant Officer (Entry)

Communications, intelligence and surveillance: Airborne Electronics Analyst, Airborne Electronics Analyst Trainee, Operator Unmanned Aerial System (ECN 250), Imagery Specialist, Warrant Officer (Entry), Geospatial Technician (ECN 423), Analyst Intelligence Operations (ECN 003), Intelligence Officer, Regimental Sergeant Major (ECN 350), Air Intelligence Analyst Geospatial Intelligence, Air Intelligence Analyst Intelligence Manager, Air Intelligence Analyst Operational Intelligence, Air Intelligence Analyst Signals Intelligence, Air Intelligence Analyst Trainee, Air

Surveillance Operator, Air Surveillance Operator Trainee, Communications and Information Systems Controller, Communications and Information Systems Controller Trainee, Intelligence Officer, Intelligence Officer Trainee, Signals Operator Linguist Trainee, Signals Operator Technical Trainee, Communications Systems (ECN 662), Electronic Warfare (ECN 663), Information Systems (ECN 661), Regimental Sergeant Major (ECN 350), Signals Officer, Air Force Imagery Specialist, Acoustic Warfare Analyst, Communications Information Systems, Communications Information Systems Submariner, Cryptologic Linguist, Cryptologic Systems, Electronic Warfare, Electronic Warfare Submarines, Intelligence, Warrant Officer (Entry)

Engineering, technical and construction: Flight Engineer, Aircraft Fitter, Aircraft Fitter Trainee, Aircraft Life Support Fitter, Aircraft Life Support Fitter Trainee, Aircraft Structural Fitter, Aircraft Structural Fitter Trainee, Aircraft Surface Finisher, Aircraft Systems Technician, Aircraft Technician, Armament Fitter, Armament Fitter Trainee, Avionics Fitter, Avionics Fitter Trainee, Avionics Systems Technician, Avionics Technician, Non-Destructive Inspection Technician, Explosive Ordnance Disposal (ECN 432), Air Technician Aircraft, Air Technician Avionics, Aircraft Life Support Fitter (ECN 154), Aircraft Structural Fitter (ECN 153), Artificer Air (ECN 021), Artificer Electronics (ECN 007), Artificer Ground (ECN 013), Artificer Mechanical (ECN 006), Electrical and Mechanical Engineering Officer Fitter Armament (ECN 146), Mechanic Recovery (ECN 226), Mechanic Vehicle (ECN 229), Metalsmith (ECN 235), Regimental Sergeant Major (ECN 350), Technician Aircraft (ECN 411), Technician Avionics (ECN 412), Technician Electrical (ECN 418), Technician Electronic Systems (ECN 421), Carpenter (ECN 072), Combat Engineer (ECN 096), Draftsman Architectural (ECN 101), Electrician (ECN 125), Engineer Officer Explosive Ordnance Disposal (ECN 432), Manager Works (ECN 217), Operator Plant (ECN 270), Plumber (ECN 314), Regimental Sergeant Major (ECN 350), Supervisor Building (ECN 374), Supervisor Engineer Services (ECN 385), Aeronautical Engineer, Aeronautical Engineer Trainee, Airfield Engineer, Airfield Engineer Trainee, Armament Engineer, Armament Engineer Trainee, Electronics Engineer, Electronics Engineer Trainee, Electronics Technician, Electronics Technician Submariner, Marine Engineer, Marine Engineer Submariner, Marine Technician, Marine Technician Submariner, Warrant Officer (Entry), Weapons Electrical Aircraft Engineer, Weapons Electrical Engineer, Weapons Electrical Engineer Submariner, Communication Electronic Fitter, Communication Electronic Fitter Trainee, Communication Electronic Systems Technician, Communication Electronic Technician, Ground Mechanical Engineering Fitter, Ground Mechanical Engineering Technician, Ground Support Engineering Manager, Ground Support Equipment Fitter Ground Support Equipment Fitter Trainee, Ground Support Equipment Technician, Carpenter, Carpenter Trainee, Electrician, General Hand, Plant Operator, Plumber, Works Supervisor, Telecommunications Systems (ECN 665)

Health: Dental Administration Officer, Dental Assistant (ECN 029), Dentist, Regimental Sergeant Major (ECN 350), Medical Officer, Environmental Officer, Physical Training Instructor, Allied Health Professional, Dental Assistant, Dental Assistant Trainee, Dentist, Dentist Trainee, Environmental Health Officer, Laboratory Officer, Laboratory Technician, Medical Assistant, Medical Assistant Trainee, Medical Officer Medical Officer Trainee, Nursing Officer, Nursing Officer Trainee, Pharmacist, Pharmacist Trainee, Radiographer, Senior Dental Assistant Preventative, Dental, Dentist, Medical, Medical Administration, Medical Officer, Medical Submariner, Nurse, Physical Trainer, Warrant Officer (Entry), Instructor Physical Training (ECN 185), Medical Technician (ECN 031), Preventive Medicine (ECN 322), Regimental Sergeant Major (ECN 350), Technician Operating Theatre (ECN 408), Medical Corps Officer, Nursing Officer, Pharmacist, Physiotherapist, Examiner Psychological (ECN 131), Psychologist, Radiographer Officer, Scientist

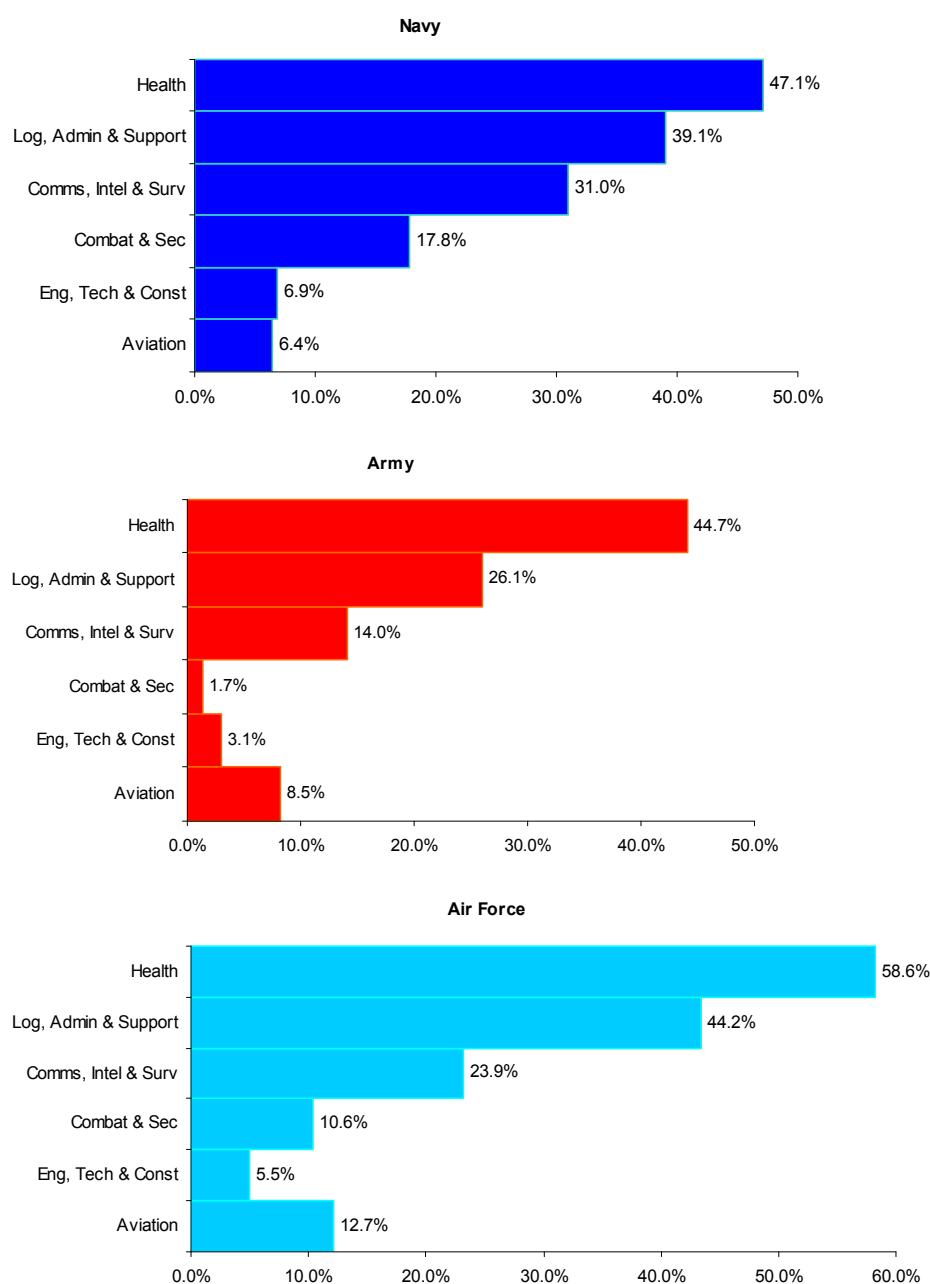
Logistics, administration and support: Operations Officer, Band Officer, Musician (ECN 240), Piper Drummer Bugler (ECN 241), Regimental Sergeant Major (ECN 350), Assistant Instructor (ECN 026), Catering Officer, Cook (ECN 084), Chaplain, Education Officer, Combat Clerk (ECN 071), Multi Media Technician (ECN 180), Clerk Finance (ECN 076), Pay Officer, Warrant Officer Disciplinary, Infantry Operations Clerk (ECN 055), Infantry Resource Storeman (ECN 054), Legal Officer, Cook, Cook Trainee, Logistics Officer, Logistics Officer Trainee, Movements, Movements Trainee, Supply, Supply Trainee, Band, General Experience, Legal, Management Executive, Maritime Logistics Chef, Maritime Logistics Chef Submariner, Maritime Logistics Officer, Maritime Logistics Personnel Operations, Maritime Logistics Supply Chain, Maritime Logistics Supply Chain Submariner, Maritime Logistics Support Operations, Maritime Logistics Support Operations Submariner, Musician, Other Officers, Other Sailors, Training Systems, Warrant Officer (Entry), Ammunition Supplier (ECN 401), Operator Admin (ECN 074), Operator Petroleum (ECN 269), Ordnance Officer, Regimental Sergeant Major (ECN 350), Rigger Parachute (ECN 345), Supply Chain Operator (ECN 298), Unit Quartermaster (ECN 296), Photographer Public Relations (ECN 312), Public Relations Officer, Reporter (ECN 342), Chaplain, Chaplain Trainee, Executive Warrant Officer, Legal Officer, Legal Officer Trainee, Musician, Personnel Capability Officer, Personnel Capability Officer Trainee, Personnel Capability Specialist, Personnel Capability Specialist Trainee, Training Systems Officer, Air Dispatcher (ECN 099), Cargo Specialist (ECN 171), Driver Specialist (ECN 274), Marine Specialist (ECN 218), Operator Movements (ECN 035), Regimental Sergeant Major (ECN 350), Transport Officer

Figure 27 shows how gender representation differs between occupation groups, and how those differences are broadly consistent between the Services. One notable difference between the Services is Combat and Security, where Navy in particular, but also Air Force have a higher proportion of women than Army. This is influenced by a range of factors including the number of Army occupations and the high volume of members within these occupations as well as the combat nature of many of the occupations (occupations in which females are currently less well represented and have only recently been opened up to women). In each Service, health and logistics, administration and support have the highest proportion of women, while the occupation groups with the lowest proportion of women are engineering, technical and construction and combat and security (with the exception of Navy where Aviation has a lower proportion of women than Combat and Security). These concentrations of women and men are closely aligned with more traditional female and male work roles. There has been little change in the proportions of women in each of the occupational groups over 2015–16.

Participation levels of women within each of the occupational groups are given further context when compared to overall female representation by rank group within each of the Services. Examination of the workforce in this manner shows:

- Female Navy Officers and Other Ranks are significantly represented in health, logistics, administration and support and communications, intelligence and surveillance roles, and have less women in aviation and engineering and technical roles. The representation of Navy Officer and Other Rank females in Combat and Security roles are similar to overall Officer and Other Rank female participation rates.
- Female Army Officers are also well represented in health and logistics, administration and support roles, with less women in aviation, combat and security and engineering and technical roles. The representation of Army Officers in communications, intelligence and surveillance roles are similar to overall Army Officer female participation rates. Female Army Other Ranks are well represented in health and logistics, administration and support roles, with less women in combat and security and engineering and technical roles. The representation of Army Other Ranks in aviation and communications, intelligence and surveillance roles are similar to overall Army Other Rank female participation rates.
- Female Air Force Officers are well represented in health, logistics, administration and support and communications, intelligence and surveillance roles, with less women in aviation, combat and security and engineering and technical roles. Female Air Force Other Ranks are well represented in aviation, health and logistics, administration and support and communications, intelligence and surveillance roles and there are fewer women in combat and security and engineering and technical roles.

Figure 27: Percentage of women in each occupational group, by Service, 30 June 2016



Transfers between occupational groups

To improve the level of female representation in non-traditional employment groups, it is important that Defence not only attracts more women into these occupations, but also retains them within these groups. Table 72 shows the number of internal transfers into and out of each ADF occupational group in 2015-16. In each of the Services those occupational groups where females are less well represented saw net increases in the number of females transferring into rather than out of those occupational groups.

In Navy, of the females who transferred into an occupational group 8.3 per cent went into aviation roles.

In Army, of the females who transferred into an occupational group 14.6 per cent went to combat and security roles and a further 13.4 per cent went into engineering and technical roles.

Within Air Force 17.2 per cent of females transfers were into engineering and technical roles.

Table 72: Transfers between occupational groups by gender, 2015-16 ^{[1][2][3][4]}

2015-16	Navy				Army				Air Force				ADF			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Transfers into occupational group																
Aviation	2	8.3%	13	14.6%	3	3.7%	45	7.3%	3	10.3%	55	35.0%	8	5.9%	113	13.1%
Combat & Security	5	20.8%	22	24.7%	12	14.6%	129	20.9%	1	3.4%	15	9.6%	18	13.3%	166	19.3%
Communications, Intelligence & Surveillance	4	16.7%	13	14.6%	9	11.0%	94	15.3%	4	13.8%	20	12.7%	17	12.6%	127	14.7%
Engineering, Technical and Construction	1	4.2%	20	22.5%	11	13.4%	130	21.1%	5	17.2%	17	10.8%	17	12.6%	167	19.4%
Health	2	8.3%	7	7.9%	22	26.8%	53	8.6%	3	10.3%	9	5.7%	27	20.0%	69	8.0%
Logistics, Administration and Support	10	41.7%	14	15.7%	25	30.5%	165	26.8%	13	44.8%	41	26.1%	48	35.6%	220	25.5%
Total transfers into an occupational group	24	100.0%	89	100.0%	82	100.0%	616	100.0%	29	100.0%	157	100.0%	135	100.0%	862	100.0%
Transfers out of occupational group																
Aviation		0.0%	2	2.1%	2	3.6%	4	1.0%	6	20.0%	28	17.4%	8	7.5%	34	5.0%
Combat & Security	8	36.4%	39	41.1%	6	10.9%	273	64.8%	3	10.0%	29	18.0%	17	15.9%	341	50.4%
Communications, Intelligence & Surveillance	7	31.8%	11	11.6%	9	16.4%	26	6.2%	6	20.0%	17	10.6%	22	20.6%	54	8.0%
Engineering, Technical and Construction		0.0%	17	17.9%	5	9.1%	49	11.6%	1	3.3%	61	37.9%	6	5.6%	127	18.8%
Health	2	9.1%		0.0%	6	10.9%	7	1.7%	2	6.7%	3	1.9%	10	9.3%	10	1.5%
Logistics, Administration and Support	5	22.7%	26	27.4%	27	49.1%	62	14.7%	12	40.0%	23	14.3%	44	41.1%	111	16.4%
Total transfers out of occupational group	22	100.0%	95	100.0%	55	100.0%	421	100.0%	30	100.0%	161	100.0%	107	100.0%	677	100.0%

Notes

1. Figures are based on ADF permanent force substantive headcount
2. Percentages may not sum due to rounding
3. Occupations included in each group are as per Table 71.
4. Excludes transfers in and out of "not allocated to an occupational group" and therefore total transfers in and out will not reconcile.

Defence leadership is committed to addressing occupational segregation in the ADF, and each Service has a dedicated strategy to achieve greater gender balance.

The Navy has set recruiting goals for occupational groups with less than 15 per cent female participation, while also seeking to maintain current participation levels of categories with a higher proportion of women. Female participation rates already exceed this target for the majority of the Navy workforce. Seventeen out of 26 (65.4 per cent) Sailor workgroups currently have a female participation rate of greater than 15 per cent. Eleven out of 17 (64.7 per cent) Officer workgroups are above this target; three of six categories belong to the Engineer Officer workforce (marine engineer, electrical engineer and aeronautical engineer). Navy's female participation level for this workgroup is given context when benchmarked against the national average (12 per cent). This point of reference shows that Navy's aeronautical professional engineer workforce (12.8 per cent) is above the national average (12 per cent) and the marine engineer officer workforce (10.7 per cent) close to the national average. Increasing female participation for this specific field beyond this national average may be unrealistic.

Navy is actively addressing low female participation rates in particular workgroups, through revised career continuums, providing tailored career management to women (especially those proceeding on and returning from maternity leave), as well as taking steps to support women in the workplace through mentoring, leadership and networking opportunities. For example, female Boatswain Mate sailors have been involved in the My Mentor program run by the Navy Women's Strategic Advisor.

Army offers a large number of non-traditional employment options and therefore are commonly perceived to be a non-traditional career choice for women. As such, Army has focused on increasing overall representation of women through a number of targeted recruiting and retention initiatives²¹, rather than focusing on specific employment fields. Increasing female representation overall will provide the platform for future initiatives to attract women to specific non-traditional employment categories, such as combat roles.

The Air Force has a range of strategies in place to attract more females to employment groups where females may not traditionally have high participation rates. This includes Project Winter (women in non traditional roles) which specifically targets employment groups that have a low representation of women (primarily aircrew, engineering and technical) through a focus on:

- delivery of targeted programs
- implementation of specialist recruitment teams
- offering a reduction of return of service obligations (ROSO).

Additionally, retention and advancement for women is being addressed through the implementation of a talent management framework, networking groups and specific guidance for the career management of women in specific roles.

Progress towards success

Occupational segmentation has changed little since 2014-15. To see changes in these figures, since the opening up of combat roles to both genders, will take time. Continued monitoring is required.

²¹ See Chapter 1: Attraction and Recruitment for further information.

Reduction/Reversion in Rank

There are a number of reasons members' of the ADF may be reduced/reverted in rank during their career in the ADF including disciplinary reasons or a transfer between Services or work groups/operational groups.

Reductions or reversions in rank occur very rarely, with just 0.4 per cent of women and 0.6 per cent of men in the ADF being reduced or reverted in rank in 2015-16. This was also reflected in each Service with reductions or reversions in rank occurring for just 0.2 per cent of male and female Navy members, 0.5 per cent of female and 0.9 per cent of male Army members and 0.4 per cent of female and 0.5 per cent of male Air Force members.

Table 73 shows the number and proportion of men and women who were reduced/reverted in rank in 2015-16.

Table 73: ADF Permanent Force: Reversion/Reduction in Rank, 2015-16^{[1][2][3][4][5]}

2015-16	Navy				Army				Air Force				ADF			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
Reduction in rank	0	0.0%	7	100.0%	1	2.6%	37	97.4%	0	0.0%	3	100.0%	1	2.1%	47	97.9%
Reversion in rank (Service transfer)	0	0.0%	5	100.0%	2	28.6%	5	71.4%	3	13.6%	19	86.4%	5	14.7%	29	85.3%
Reversion in rank (job family transfer)	0	0.0%	3	100.0%	0	0.0%	7	100.0%	4	16.7%	20	83.3%	4	11.8%	30	88.2%
Reversion in rank (other)	5	33.3%	10	66.7%	8	7.3%	101	92.7%	1	14.3%	6	85.7%	14	10.7%	117	89.3%
Not calculated	-	-	-	-	7	7.9%	82	92.1%	2	16.7%	10	83.3%	9	8.9%	92	91.1%
Total ADF Permanent	5	16.7%	25	83.3%	18	7.2%	232	92.8%	10	14.7%	58	85.3%	33	9.5%	315	90.5%

Source: Defence HR system.

Notes

- Figures are based on ADF permanent force substantive headcount.
- Percentages may not sum due to rounding.
- Reduction in rank refers to a reduction resulting from disciplinary action, i.e., Court Martial, Defence Force Magistrate or Commanding Officer.
- Reversion in rank refers to all reversions/reductions for reasons other than those which call for disciplinary action or relinquishing of Temporary / Acting rank.
- Not calculated refers to data for which no specific reason for reduction/reversion has been recorded in the HR system.

Of the ADF members reverted or reduced in rank the vast majority were males, with women accounting for just 9.5 per cent of reductions or reversions in rank. This pattern was consistent across the Services (Navy females 16.7 per cent, Army females 7.2 per cent, Air Force females 14.7 per cent). Men were more likely to be reduced in rank for disciplinary causes than women, with all but one ADF member reduced in rank for this reason being male. Notwithstanding, the vast majority of both male and female members were reverted in rank for other reasons, including in a number of instances Service or job family transfer.

Progress towards success

Males are in the majority of those who were reduced or reverted in rank, most often for disciplinary reasons. Where reductions or revisions in rank are occurring it is often due to workforce segmentation requirements.

Access to flexible work arrangements

Access to flexible work is crucial to a member's ability to continue working and thriving in Defence, allowing them to fulfil their work responsibilities, while also fulfilling family or other commitments. Defence policy states that "Flexible Work Arrangements are a key tool for Commanding Officers at all levels to support Defence members who need to balance the demands of military service with their family and/or other personal

responsibilities and obligations; and in turn promote retention.”²² This extends not only to parents, but to all Defence men and women who have responsibilities beyond the workplace. Flexible work availability for men is just as important; enabling couples to share family responsibilities reduces the disproportionate career impact on women. This section presents attitudinal data on flexible work practices, followed by some indicative figures on these practices, including ADF members on part-time leave without pay. Increasing use of a standardised application form for formal Flexible Work Arrangements (FWA) throughout the ADF has improved the quality and comparability of flexible work rates in the Services.

In addition to the Services’ programs to encourage and monitor a range of FWA, Defence has developed Suakin, which is a whole of Defence Total Workforce Model (TWM) designed to contribute to capability by giving Defence the strategic flexibility to manage the workforce. The TWM began operation on 1 July 2016. While Defence has supported access to flexible employment arrangements, the TWM aims to move these from individual and localised agreements to a more enduring solution. This will entail offering flexible work options allowing Defence to draw on both the Permanent and Reserve workforce components more flexibly, with greater mobility between them. The implementation of this will however only affect future data.²³

Table 74 outlines attitudes to flexible work, and Table 74 to Table 83 provide details of formalised FWA for each of the Services. This information is presented in support of the Review into the Treatment of Women in the ADF Phase 2 recommendation 3 (section C) ‘Access to flexible work’ and recommendation 13 (reporting against flexible work targets).

Table 74: YourSay surveys (August 2015 and February 2016) – responses on flexible work by Service and gender ^{[1][2][3][4][5]}

YourSay Survey	Navy		Army		Air Force		Total ADF	
	Women	Men	Women	Men	Women	Men	Women	Men
Thinking about your life right now, how satisfied are you with the balance between your work and the rest of your life? (% satisfied/very satisfied)	33.5%	36.5%	38.0%	36.2%	47.2%	45.7%	39.9%	39.2%
My CO / Branch Manager actively supports work-life balance and flexible work arrangements (% Agree/Strongly Agree)	57.8%	56.5%	61.3%	54.3%	70.7%	65.8%	63.6%	58.5%
My supervisor is flexible when I have personal demands to attend to (% Agree/Strongly Agree)	79.3%	79.1%	77.9%	78.9%	79.3%	86.3%	78.8%	81.3%
If I accessed flexible working arrangements (such as working part time) my career progression would be negatively impacted (% Agree/Strongly Agree)	40.0%	38.0%	42.2%	47.4%	36.4%	35.1%	39.4%	41.1%
Are flexible working arrangements available in your area (e.g. part-time work, home-based work)? (% Yes)	63.1%	55.9%	60.8%	46.5%	68.9%	58.9%	64.4%	52.8%
How often do you personally take advantage of documented (or formal) flexible work arrangements? (% Sometimes - Always)	28.7%	18.6%	19.8%	10.3%	34.3%	15.0%	27.7%	13.9%
How often do you personally take advantage of informal flexible work arrangements (such as leaving work early?) (% Sometimes - Always)	61.1%	57.1%	58.7%	55.5%	66.3%	61.0%	62.2%	57.6%

Source: YourSay Survey August 2015 and February 2016

Notes:

1. Data includes response from ADF personnel
2. Cells highlighted in green indicate that 2015-16 responses were significantly more positive than in 2014-15
3. Cells highlighted in red indicate that 2016-16 responses were significantly less positive than in 2014-15
4. Differences are based on statistical significance ($p < .05$) and measure of association (Cramer's $V > 0.1$)

Figure 28 shows responses to various survey questions about flexible work. Similar to 2015, the majority of both women and men felt they had flexibility for ad hoc absences and many took advantage of informal flexible work when the need arose. Fewer members accessed more formal, ongoing FWA.

Gender differences become evident in formal flexible work figures; a higher proportion of women than men used formal FWA in each Service. Likewise, women were more likely to

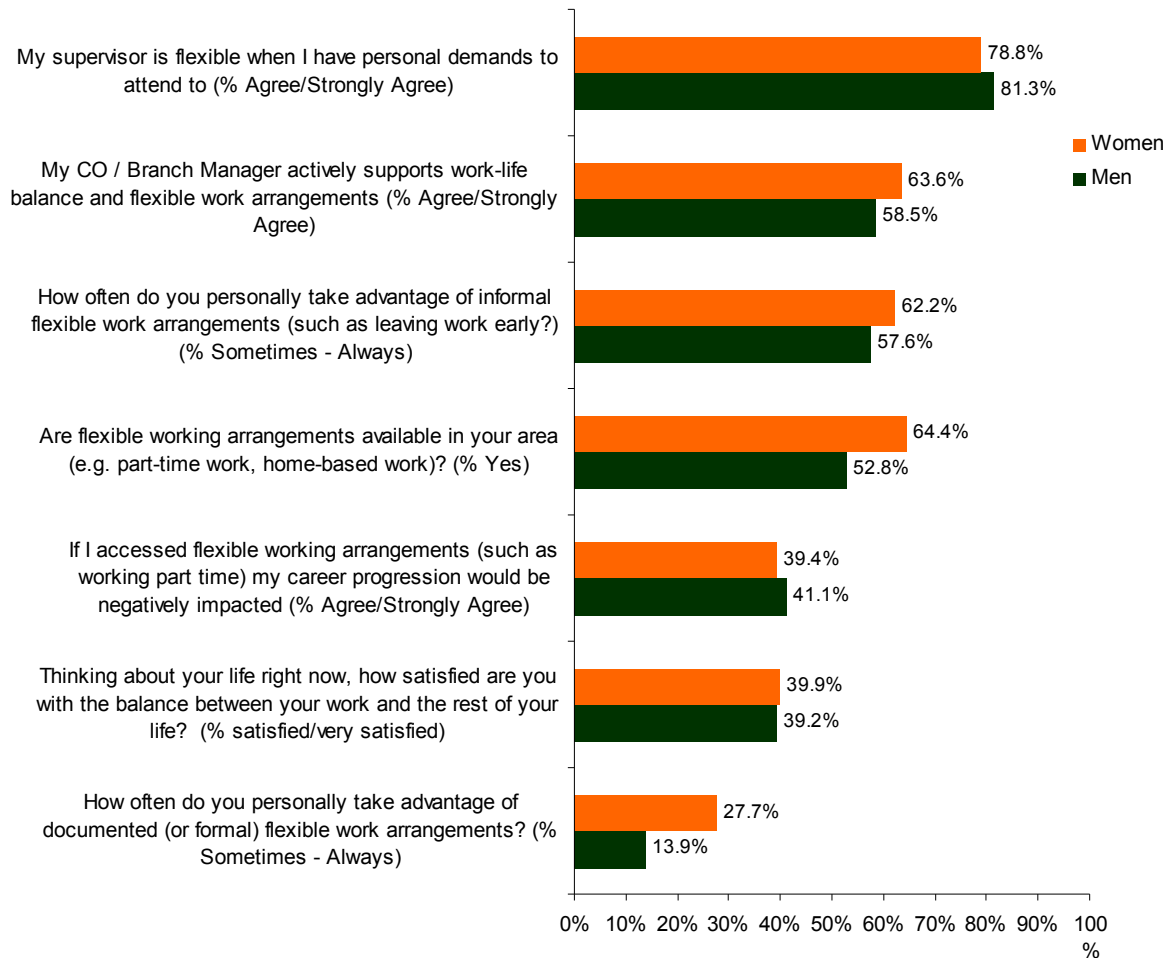
²² MILPERSMAN Part 7, Chapter 6 – Flexible work arrangements for members of the Australian Defence Force.

²³ MILPERSMAN Part 10, Chapter 3 – Transfer of personnel across the Service Spectrum Policy statement – “The transfer of personnel between Service Categories (SERCATs) assists in the generation and sustainment of Defence capability and provides members with flexible career options.”

perceive that FWA were available to them than their male peers for each Service. There was a growing proportion of both women and men who thought that FWA were available in their area, however the gap between genders of 11 per cent remained the same as in 2014.

As in 2014 and 2013 around four in ten women and men felt that accessing flexible work would negatively impact their career.

Figure 28: Percentage of ADF women and men responding positively to YourSay items about flexible work, 2015–16



Formalised flexible work arrangements

Navy

Table 75 shows the number of Navy member by Rank using FWAs.

Table 75: Navy members using formal flexible work arrangements, by rank, 30 June 2016 ^{[1][2][3]}

Flexible Work Arrangements	Other Ranks												Officers												Total	
	E02/03 Seaman		E05 Leading Seaman		E06 Petty Officer		E08 Chief Petty Officer		E09/10 Warrant Officer		Total Other Ranks		O01/O02 Sub Lieutenant (inc Acting)		O03 Lieutenant		O04 Lieutenant Commander		O05 Commander		O06-O10 Captain - Admiral: Senior Leaders		Total Officers			
	Able Seaman												W	M	W	M	W	M	W	M	W	M	W	M	W	M
	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M
W: Women; M: Men	22	23	24	47	14	65	8	46	3	10	71	191		1	16	20	10	16	1	4			27	41	98	232
Variable Work Hours																										
Home Located Work	3		5	2	9	6	3	6	2	6	22	20			10	5	12	12	2			24	17	46	37	
Alternate Location Work			1	2	1	1		3			2	6			3	3	1	5	1	1		5	9	7	15	
Remote Overseas Work											0	0			2	1	2		1		4	2	4	2		
Part-time Leave Without Pay	16		20	1	9	1	2				47	2	1	8	1	6	1	2	2		1	17	5	64	7	
Total Formal Flexible Work Arrangements	41	23	50	52	33	73	13	55	5	16	142	219	1	1	39	30	31	34	6	8	0	1	77	74	219	293
Number of Members on Formal Flexible Work Arrangements	33	23	46	49	24	71	10	52	4	15	117	210	1	1	30	25	18	27	3	7	0	1	52	61	169	271
Average Number of Arrangements per Member	1.24	1.00	1.09	1.06	1.38	1.03	1.30	1.06	1.25	1.07	1.21	1.04	1.00	1.00	1.30	1.20	1.72	1.26	2.00	1.14	1.00	1.48	1.21	1.30	1.08	
Total Number of Permanent and Continuous Full-Time Service, Trained, Non-sea-going Members	609	1,923	374	1,110	159	856	84	718	19	208	1245	4815	5	9	219	675	161	582	53	357	20	148	458	1771	1703	6586
Percentage Members on Formal Flexible Work Arrangements	5.42%	1.20%	12.30%	4.41%	15.09%	8.29%	11.90%	7.24%	21.05%	7.21%	9.40%	4.36%	20.00%	11.11%	13.70%	3.70%	11.18%	4.64%	5.66%	1.96%	0.00%	0.68%	11.35%	3.44%	9.92%	4.11%

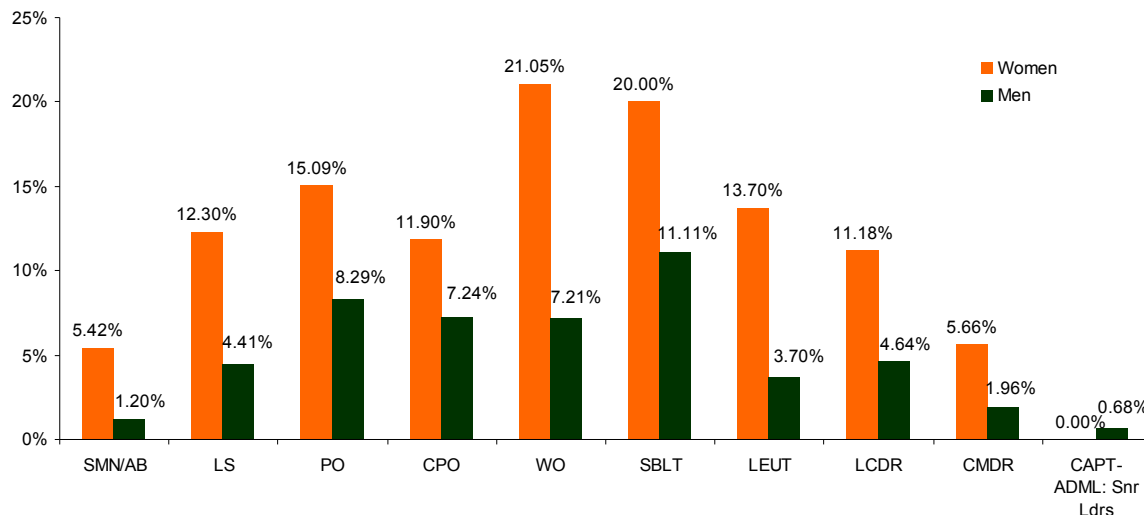
Source: Defence HR system.

Notes

1. The sum of flexible work arrangement applications may exceed the total number of people on any formal flexible work arrangement due to some applications being for more than one flexible work arrangement.
2. Flexible work arrangements in this table only include those applied for using the ADF Application for Flexible Work form AE406.
3. While most Women in the ADF report data includes only permanent force, flexible work arrangement reporting includes both permanent and continuous full-time service members in accordance with Service reporting requirements endorsed by Chiefs of Service Committee.

Figure 29 shows the proportion of Navy women and men who use formal FWA at each rank. Women are more likely than men to be on flexible work at every rank with the exception of Senior Leaders. The rank with the highest proportion on flexible work is Sub Lieutenant; however this represents one woman out of only five Sub Lieutenants in the trained, non-seagoing workforce.

Figure 29: Navy members using formal flexible work arrangements, by rank, 30 June 2016



In accordance with the implementation of the recommendations in the Broderick review of 2012, Navy already exceeds the two per cent target for the non-seagoing, trained, permanent and continuous full-time service workforce to be on FWA by 2016–17. This is supported by an aspirational target of five per cent over the subsequent three financial years. As at 30 June 16 given 440 members on flexible work in the trained, non-seagoing, permanent and continuous full-time service workforce of 8,289, Navy had a total of 5.3 per cent of members on a FWA as at 30 June 2016, which exceeds the Navy’s target. The actual FWA figure is however higher as the data does not include those personnel in sea-going positions, and only includes that which is formally reported. Navy continues to encourage individuals who have set up flexible arrangements at the local level to complete the ADF Application for Flexible Work Form to ensure that their FWA is captured in statistical reporting.

Compared to 2014-15 FWA figures have increased for both women and men. Female Petty Officers had the greatest proportional increase since 2014-15 from 3.9 per cent to 15.1 per cent. Female Warrant Officers also had a substantial increase in the proportion on FWA from 11.76 per cent in 2014-15 to 21.5 per cent in 2015-16 however this represents four women out of 19 in the trained, non-seagoing force.

Following release of a Navy Directive in May 2015 regarding normal working hours, Navy's use of FWA has increased approximately 27 per cent over the period January to June 2016. While usage rates are increasing, cultural acceptance or understanding of FWAs (for either female or male) can be improved. Strategies and communication campaigns are being refined to continue the integration of FWAs and alignment with capability requirements. An education campaign is also being conducted to improve understanding of FWAs, and the opportunities and benefits such arrangements may offer. Reviews of career management and workforce planning business practices continue to remove impediments to the implementation of FWAs.

Table 76 shows the number of Navy members using FWAs by region.

Table 76: Navy members using formal flexible work arrangements, by region, 30 June 2016^{[1][2][3]}

Flexible Work Arrangements	NSW								Vic & Tas								Qld								WA		SA		NT		ACT		Overseas		Total					
	Hunter & Nth																Dig Dwns & Cent Qld																							
	NSW				Sth & Cent NSW				Total NSW				Gtr Melb				Tas & Regional Vic				Total Vic and Tas				Bris & Sth Qld															
	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M				
W: Women; M: Men																																								
Variable Work Hours	32	113			8	20		40	133			8	14	8	14			1	1			1	6	4		7	6	17	55		1		5		21	23		98	232	
Home Located Work	11	13			2	6		13	19			7	8	7	8										1	0	7	2			1	1			17	7		46	37	
Alternate Location Work	2	3			1			3	3			1		2	0	3									0	0	2	1			1		3		1	5		7	15	
Remote Overseas Work								0	0			1		1	0										0	0							3	2			4	2		
Part-time Leave Without Pay	18	4	1		3			22	4			5		5	0					4					4	0	13	1					20	2			64	7		
Total Formal Flexible Work Arrangements	63	133	1	0	14	26		78	159	0	1	21	24	21	25	2	1	0	1	10	4	12	6	39	59	1	1	6	4	62	39	0	0	219	293					
Number of Members on Formal Flexible Work Arrangements	53	126	1	0	11	21		65	147	0	1	16	19	16	20	1	1	0	1	9	4	10	6	28	57	1	1	5	4	44	36	0	0	169	271					
Average Number of Arrangements per Member	1.19	1.06	1.00		1.27	1.24		1.20	1.08	1.00	1.31	1.26	1.31	1.25	2.00	1.00	1.00	1.11	1.00	1.20	1.00	1.39	1.04	1.00	1.00	1.20	1.00	1.41	1.08			1.30	1.08							
Total Number of Permanent and Continuous Full-Time Service, Trained Non-sea-going Members	539	2,135	2	30	141	898		682	3063	13	63	151	540	164	603	26	76	5	15	71	202	102	293	272	1,010	21	94	47	268	404	1,105	11	150	1703	6586					
Percentage Members on Formal Flexible Work Arrangements	9.83%	5.90%	50.00%	0.00%	7.80%	2.34%		9.53%	4.80%	0.00%	1.59%	10.60%	3.52%	9.76%	3.32%	3.85%	1.32%	0.00%	6.67%	12.68%	1.98%	9.80%	2.05%	10.29%	5.64%	4.76%	1.06%	10.64%	1.49%	10.89%	3.26%	0.00%	0.00%	9.92%	4.11%					

Source: Defence HR system.

Notes

1. The sum of FWA applications may exceed the total number of people on any formal FWA due to some applications being for more than one FWA.
2. FWAs in this table only include those applied for using the ADF Application for Flexible Work form AE406.
3. While most Women in the ADF report data includes only permanent force, FWA reporting includes both permanent and continuous full-time service members in accordance with Service reporting requirements endorsed by Chiefs of Service Committee.

Figure 30 shows the proportion of Navy women and men in each State and Territory who were on a formal FWA at 30 June 2016. This only includes members who have applied for flexible work using the ADF Application for Flexible Work Form, so members who have set up flexible arrangements without submitting the form are not included, which may result in these figures being an under-estimate of actual flexible work prevalence. Western Australia, Victoria and Tasmania, and New South Wales have the highest proportion of Navy members on FWA, while South Australia has the lowest proportion using flexible work. Victoria and Tasmania had the greatest proportional increase in the women undertaking FWA since 2014-15; the Northern Territory had the second greatest proportional increase in women undertaking FWA.

Figure 30: Navy members using formal flexible work arrangements, by state, 30 June 2016

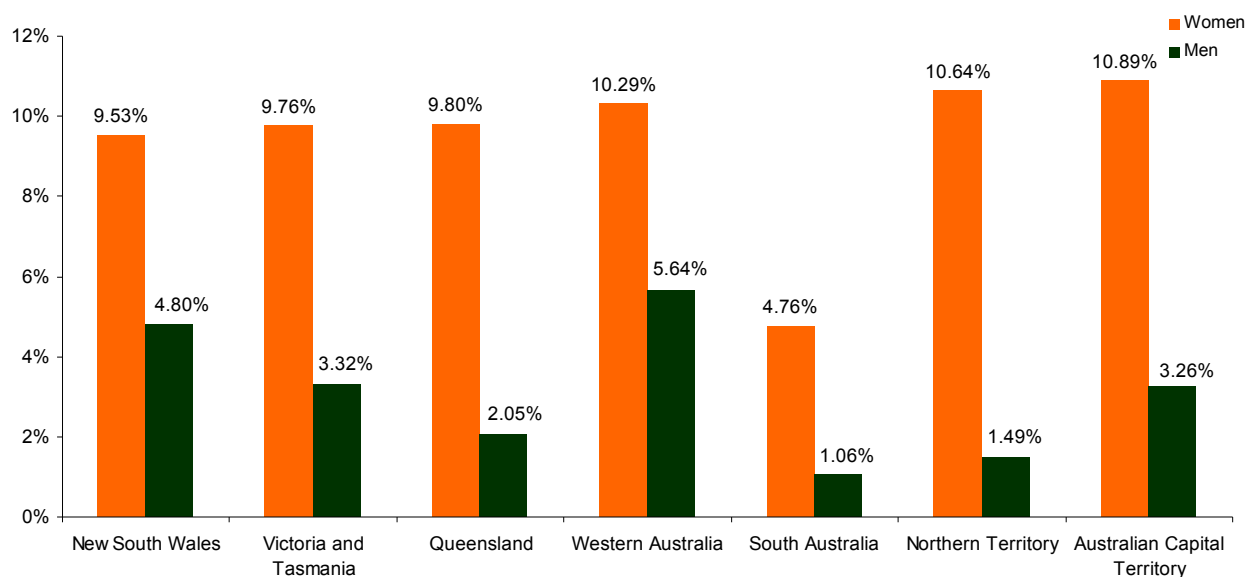


Table 77 shows the number of formal FWA applications which were submitted by Navy members, and the number and proportion which were approved during 2015–16. Navy members submitted a total of 728 applications, this is a 50 per cent increase on applications submitted in 2014-16; some applications were for more than one FWA. More applications were submitted by Navy men than Navy women, although as a proportion of the workforce, women were more likely than men to apply for an FWA. All formal FWA applications from women were approved, and almost all applications from men were approved. Each non-approved FWA application is reviewed by Navy Flexible Employment cell in order to determine if there are any obvious strategic workforce solutions that could be employed to facilitate approval, or if there were any policy or process issues which created a barrier to approval of a request. The three non-approved FWA over the period were requests for variable work hours, which could not be approved due to inability to support workplace capability requirements. Variable work hours was the arrangement most sought by men, while more applications for home located work and part-time leave without pay were from women than men.

Table 77: Flexible work arrangement application submissions and approvals in Navy, 2015–16^{[1][2][3][4]}

Flexible Work Arrangements	Number Applications Submitted		Number Applications Approved		Percentage Applications Approved	
	W	M	W	M	W	M
Variable Work Hours	175	365	175	361	100%	99%
Home Located Work	84	60	84	60	100%	100%
Alternate Location Work	9	42	9	42	100%	100%
Remote Overseas Work	4	2	4	2	100%	100%
Part-time Leave Without Pay	89	9	89	9	100%	100%
Total Formal Flexible Work Arrangements	361	478	361	474	100%	99%
Number of Applications	285	443	285	439		
Average Number of Arrangements per Application	1.27	1.08	1.27	1.08		

Source: Defence HR system

Notes:

1. The sum of FWA applications may exceed the total number of people on any formal FWA due to some applications being for more than one FWA.
2. FWAs in this table only include those applied for using the ADF Application for Flexible Work form AE406.
3. While most Women in the ADF report data includes only permanent force, FWA reporting includes both permanent and continuous full-time service members in accordance with Service reporting requirements endorsed by Chiefs of Service Committee.
4. Figures show that as at the data extract date Navy had four unapproved flexible work applications. Navy has confirmed that one of these applications was incorrectly entered into the HR system and is an approved application.

Army

Table 78 shows the number of Army members by Rank using FWA.

Table 78: Army members using formal flexible work arrangements, by rank, 30 June 2016^{[1][2][3]}

Flexible Work Arrangements	Other Ranks												Officers												Total		
	E02/03 Private (inc Private Proficient)		E04/05 Corporal/ Lance Corporal		E06 Sergeant		E07/08 Staff Sergeant/ Warrant Officer		E09/10 Warrant Officer Class 1		Total Other Ranks		O01/O02 Second Lieutenant/ Lieutenant		O03 Captain		O04 Major		O05 Lieutenant Colonel		O06-O10 Colonel- General: Senior Leaders		Total Officers				
	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	
	W: Women; M: Men																										
	Variable Work Hours	4	12	8	15	6	19	2	15		2	20	63	2		4	10	7	14	1	1		1	14	26	34	89
Home Located Work	1	1	2	2	3	4	2	1		1	8	9			4	2	7	13	1	1		1	12	17	20	26	
Alternate Location Work			2	2		5	1	7		3	3	17			2	4		2		1			2	7	5	24	
Remote Overseas Work	1			1		1	1				2	2	1		2								3	0	5	2	
Part-time Leave Without Pay	19	8	14	3	10	2	7	1			50	14	2		7	5	18	13	2				29	18	79	32	
Total Formal Flexible Work Arrangements	25	21	26	23	19	31	13	24	0	6	83	105	5	0	19	21	32	42	4	3	0	2	60	68	143	173	
Number of Members on Formal Flexible Work Arrangements	23	21	23	17	15	26	8	23	0	6	69	93	4	0	15	19	29	35	3	2	0	1	51	57	120	150	
Average Number of Arrangements per Member	1.09	1.00	1.13	1.35	1.27	1.19	1.63	1.04		1.00	1.20	1.13	1.25		1.27	1.11	1.10	1.20	1.33	1.50		2.00	1.18	1.19	1.19	1.15	
Total Number of Permanent and Continuous Full-Time Service, Trained Members	1,083	8,908	675	5,056	285	2,324	197	1,797	72	614	2312	18699	172	647	262	1,565	290	1,620	98	584	30	233	852	4649	3164	23348	
Percentage Members on Formal Flexible Work Arrangements	2.12%	0.24%	3.41%	0.34%	5.26%	1.12%	4.06%	1.28%	0.00%	0.98%	2.98%	0.50%	2.33%	0.00%	5.73%	1.21%	10.00%	2.16%	3.06%	0.34%	0.00%	0.43%	5.99%	1.23%	3.79%	0.64%	

Source: Defence HR system.

Notes

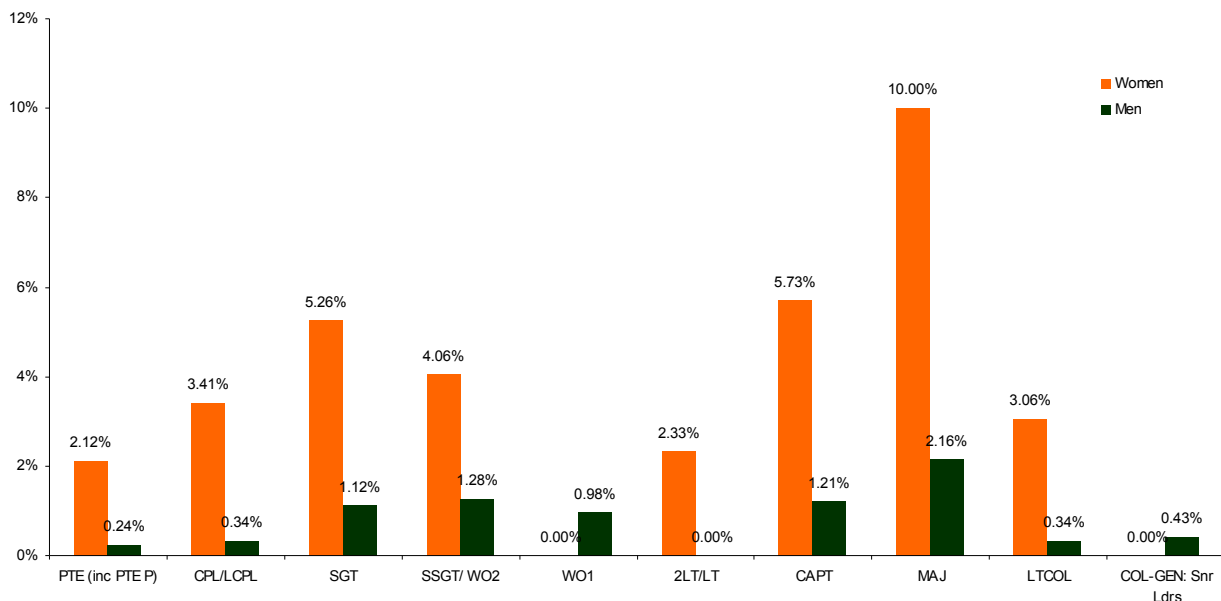
1. The sum of flexible work arrangement applications may exceed the total number of people on any formal flexible work arrangement due to some applications being for more than one flexible work arrangement.
2. Flexible work arrangements in this table only include those applied for using the ADF Application for Flexible Work form AE406.
3. While most Women in the ADF report data includes only permanent force, flexible work arrangement reporting includes both permanent and continuous full-time service members in accordance with Service reporting requirements endorsed by Chiefs of Service Committee.

For Army, Flexible Work Arrangements (FWA) are now considered business as usual. FWAs have had a positive impact on retention – particularly for those returning from Maternity leave and accompanying a spouse to an overseas or remote location. This has allowed females to continue serving despite a change in family circumstances.

In line with this, there has been increased focus and support for the career management of those members (both male and female) requiring creative solutions to keep them in service. Examples include the requirement to post to a certain locality for family reasons but work remotely and job-sharing to create a flexible work schedule to suit two individuals but still meet service need.

Figure 31 shows the proportion of Army women and men who use a formal FWA. This only includes members who have applied for flexible work using the ADF Application for Flexible Work Form, so members who have set up flexible arrangements without submitting the form are not included, which may result in these figures being an under-estimate of actual flexible work prevalence. A higher proportion of women than men use flexible work at most ranks, with the exception of Warrant Officers and senior leaders. At the senior leader and warrant officer rank group, while very few men take flexible work, there are no women in this rank group who take flexible work. The increase of flexible work rates since 2014-15 have been modest; the greatest proportional increase of 1.48 per cent for women and men combined has been at the Staff Sergeant/Warrant Officer rank.

Figure 31: Army members using formal flexible work arrangements, by rank, 30 June 2016



The Army has a target to achieve two per cent of the trained, permanent and continuous full-time service workforce on formal FWAs. Given 270 members on flexible work in a trained, permanent and continuous full-time service workforce of 26,512, Army had a total of 1.01 per cent on formal FWAs at 30 June 2016.

Table 79 shows the number of Army members using FWAs, by region.

Table 79: Army members using formal flexible work arrangements, by region, 30 June 2016^{[1][2][3]}

Flexible Work Arrangements	NSW								Vic & Tas								Qld								WA		SA		NT		ACT		Overseas		Total																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
	Hunter & Nth NSW								Sth & Cent NSW								Total NSW								Gtr Melb								Tas & Regional Vic								Total Vic and Tas								Bris & Sth Qld								Dig Dwns & Cent Qld								Nth Qld								Total Qld																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
	Gtr Syd				W				M				W				M				W				M				W				M				W				M				W				M				W				M				W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W		M		W	

Source: Defence HR system.

Notes:

1. The sum of FWA applications may exceed the total number of people on any FWA due to some applications being for more than one FWA.
2. FWAs in this table only include those applied for using the ADF Application for Flexible Work form AE406.
3. While most Women in the ADF report data includes only permanent force, FWA reporting includes both permanent and continuous full-time service members in accordance with Service reporting requirements endorsed by Chiefs of Service Committee.

Figure 32 shows the proportion of Army women and men in each State and Territory who were on a formal FWA at 30 June 2016. This only includes members who have applied for flexible work using the ADF Application for Flexible Work Form, so members who have set up flexible arrangements without submitting the form are not included, which may result in these figures being an under-estimate of actual flexible work prevalence. Similar to 2014-15, Victoria and Tasmania, New South Wales, and the Australian Capital Territory have the highest rates of use of flexible work, while Queensland and the Northern Territory have the lowest of the states and territories. The proportional increase of FWAs was greatest for women in South Australia, from 1.95 per cent in 2014-15 to 4.59 per cent in 2015-16.

Figure 32: Army members using formal flexible work arrangements, by state and territory, 30 June 2016



Table 80 shows the number of formal FWA applications which were submitted by Army members, and the number and proportion which were approved during 2015–16. Army members submitted a total of 467 applications, which is 24 per cent more applications than in 2014-15; some applications were for more than one FWA. More applications were submitted by Army men than Army women. Almost all formal FWA applications were approved with women slightly more likely than men to have their application approved. Variable work hours was the arrangement most sought by men, while more applications for part-time leave without pay were from women than men. This only includes arrangements which were applied for using the ADF Application for Flexible Work Form, so does not include arrangements which have been established without using this form.

Table 80: Flexible work arrangement application submissions and approvals in Army, 2015–16^{[1][2][3]}

Flexible Work Arrangements	Number Applications Submitted		Number Applications Approved		Percentage Applications Approved	
	W	M	W	M	W	M
Variable Work Hours	74	143	74	140	100%	98%
Home Located Work	41	42	40	40	98%	95%
Alternate Location Work	11	34	11	34	100%	100%
Remote Overseas Work	10	4	10	4	100%	100%
Part-time Leave Without Pay	148	55	147	54	99%	98%
Total Formal Flexible Work Arrangements	284	278	282	272	99%	98%
Number of Applications	226	241	224	236		
Average Number of Arrangements per Application	1.26	1.15	1.26	1.15		

Source: Defence HR system.

Notes

1. The sum of FWA applications may exceed the total number of people on any formal FWA due to some applications being for more than one FWA.
2. FWAs in this table only include those applied for using the ADF Application for Flexible Work form AE406.
3. While most Women in the ADF report data includes only permanent force, FWA reporting includes both permanent and continuous full-time service members in accordance with Service reporting requirements endorsed by Chiefs of Service Committee.

Air Force

Table 81 shows the number of Air Force members by Rank that use FWAs.

Table 81: Air Force members using formal flexible work arrangements, by rank, 30 June 2016^{[1][2][3]}

Flexible Work Arrangements	Other Ranks												Officers												Total																																																											
	E02/E03 Aircraftman/wo man Leading												O01/O02 Pilot Officer/ Flying Officer												O03 Flight Lieutenant												O04 Squadron Leader												O05 Wing Commander												O06-O10 Group Captain-Air Chief Marshal: Senior Leaders												Total Officers											
	Aircraftman/wo man		E05 Corporal		E06 Sergeant		E08 Flight Sergeant		E09/10 Warrant Officer		Total Other Ranks		W		M		W		M		W		M		W		M		W		M		W		M		W		M																																													
W: Women; M: Men	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M																																																
Variable Work Hours	41	42	47	62	34	56	15	35	6	20	143	215	4	4	32	30	16	29	3	6					2	55	71			198	286																																																					
Home Located Work	6	2	11	2	10	2	7	2	3	1	37	9	1	2	24	10	15	8	3	3					1	43	24			80	33																																																					
Alternate Location Work	1	1		4	4	2		2		2	5	11	1		5	2	7	7		3					13	12			18	23																																																						
Remote Overseas Work	1		1		2					1	4	1		1	5	3	7		2						14	4			18	5																																																						
Part-time Leave Without Pay	20	4	34	5	19	1	11		1	2	85	12	5		31	8	23	4	2						61	12			146	24																																																						
Total Formal Flexible Work Arrangements	69	49	93	73	69	61	33	39	10	26	274	248	11	7	97	53	68	48	10	12	0	3			186	123			460	371																																																						
Number of Members on Formal Flexible Work Arrangements	57	47	73	66	47	59	22	36	8	24	207	232	11	5	63	41	43	38	5	9	0	3			122	96			329	328																																																						
Average Number of Arrangements per Member	1.21	1.04	1.27	1.11	1.47	1.03	1.50	1.08	1.25	1.08	1.32	1.07	1.00	1.40	1.54	1.29	1.58	1.26	2.00	1.33				1.00	1.52	1.28			1.40	1.13																																																						
Total Number of Permanent and Continuous Full-Time Service, Trained Members	635	2,714	434	1,919	261	1,399	120	666	51	523	1501	7221	172	474	410	1,409	238	966	76	429	23	173			919	3451			2420	10672																																																						
Percentage Members on Formal Flexible Work Arrangements	8.98%	1.73%	16.82%	3.44%	18.01%	4.22%	18.33%	5.41%	15.69%	4.59%	13.79%	3.21%	6.40%	1.05%	15.37%	2.91%	18.07%	3.93%	6.58%	2.10%	0.00%	1.73%			13.28%	2.78%			13.60%	3.07%																																																						

Source: Defence HR system.

Notes

1. The sum of FWA applications may exceed the total number of people on any formal FWA due to some applications being for more than one FWA.
2. FWAs in this table only include those applied for using the ADF Application for Flexible Work form AE406.
3. While most Women in the ADF report data includes only permanent force, FWA reporting includes both permanent and continuous full-time service members in accordance with Service reporting requirements endorsed by Chiefs of Service Committee.

Figure 33 below shows the proportion of Air Force women and men who use formal FWAs. This identifies individuals who have applied for flexible work using the ADF Application for Flexible Work Form. Air Force continues to encourage individuals who have set up flexible arrangements at a local level to complete the form to ensure that they are captured in these figures. Notwithstanding, current figures may be an under-estimate as those who have flexible arrangements and who have not used the form are excluded from these figures.

A higher proportion of women than men continue to use flexible work at most ranks; however at the senior leader ranks there are no women and three men (1.15 per cent) using flexible work. Both within the Other Ranks group and the Officer rank group, flexible work is less prevalent in the most junior and most senior ranks, and more common in the mid-level ranks, with Flight Sergeants and Squadron Leaders having the highest take up rate of flexible work in the Other Ranks and Officer ranks respectively.

There have been increases in the numbers of Leading Aircraftman/Women and Corporals utilising flexible work compared to Other Ranks. This is largely attributed to a greater proportion of members seeking variable working hours flexibility in order to meet parenting responsibilities.

Each Service has a target to achieve two per cent of the trained permanent (including continuous full-time service) workforce on formal FWAs. With 657 members on documented flexible work in the trained, permanent (including continuous full-time service) Air Force workforce, there was a total of 5.01 per cent of the Air Force trained workforce on formal documented FWAs at 30 June 2016. This exceeds the two per cent flexible work target.

Figure 33: Air Force members using formal flexible work arrangements, by rank, 30 June 2016

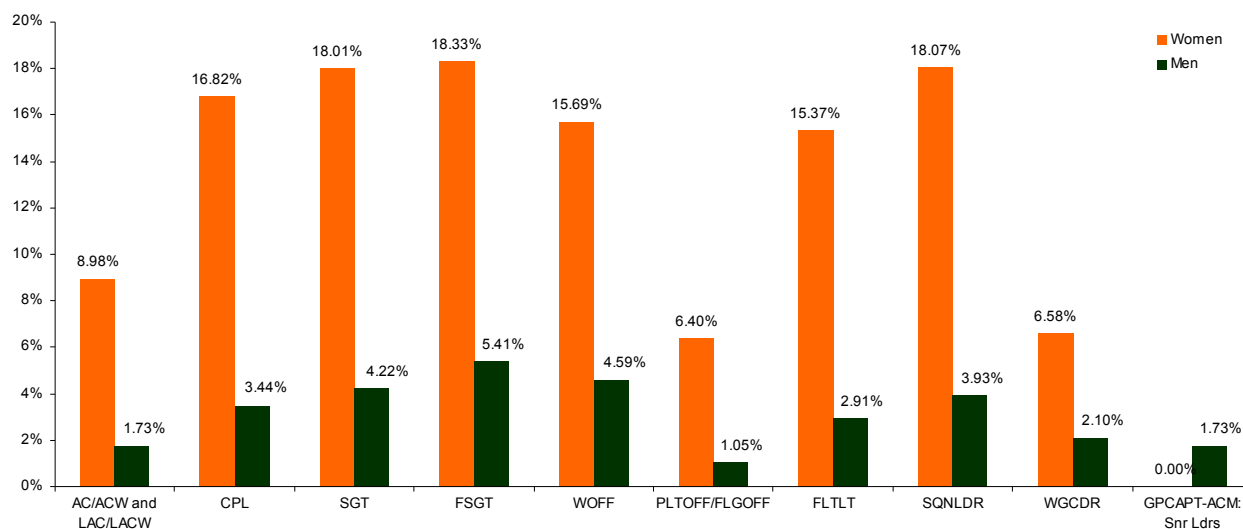


Table 82 shows the number of Air Force members, by Region, that use FWAs.

Table 82: Air Force members using formal flexible work arrangements, by region, 30 June 2016^{[1][2][3]}

Flexible Work Arrangements	NSW								Vic & Tas								Qld								WA		SA		NT		ACT		Overseas		Total																																																					
	Hunter & Nth NSW								Sth & Cent NSW								Total NSW								Gtr Melb								Tas & Regional Vic								Total Vic and Tas								Bris & Sth Qld								Dig Dwns & Cent Qld								Nth Qld								Total Qld															
	Gtr Syd				NSW				Sth & Cent NSW				Total NSW				Gtr Melb				Tas & Regional Vic				Total Vic and Tas				Bris & Sth Qld				Dig Dwns & Cent Qld				Nth Qld				Total Qld																																															
	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M																																																
Variable Work Hours	25	55	40	51	7	9		72	115	1	13	3	5	4	18	48	59	9	4	57	63	2		27	50	8	1	30	37			198	286																																																							
Home Located Work	6	7	10	2	1	1		17	10	1	2	3	2	4	4	23	8	1		24	8	1		13	6	1	1	20	4			80	33																																																							
Alternate Location Work	2	8	4	3	2	1		8	12		1	1	1	1	2	4	2	1		5	2			3		2	4	2			18	23																																																								
Remote Overseas Work				3				3	0		1	1	1	1	2	3	1			3	1			4	1	1	6	1			18	5																																																								
Part-time Leave Without Pay	16	1	22	2	1			39	3	2	2	4	1	6	3	31	6	2	6	1	39	7	1	17	5	9	1	35	4	1		146	24																																																							
Total Formal Flexible Work Arrangements	49	71	79	58	11	11		139	140	4	19	12	10	16	29	109	76	3	0	16	5	128	81	1	3	61	65	19	5	95	48	1	0	460	371																																																					
Number of Members on Formal Flexible Work Arrangements	38	62	56	56	9	10		103	128	2	16	6	5	8	21	76	68	3	0	15	5	94	73	1	3	40	54	14	3	68	46	1	0	329	328																																																					
Average Number of Arrangements per Member	1.29	1.15	1.41	1.04	1.22	1.10		1.35	1.09	2.00	1.19	2.00	2.00	2.00	1.38	1.43	1.12	1.00	1.07	1.00	1.36	1.11	1.00	1.00	1.53	1.20	1.36	1.67	1.40	1.04	1.00		1.40	1.13																																																						
Total Number of Permanent and Continuous Full-time Service, Trained Members	243	1,238	369	2,058	85	257		697	3553	63	295	74	308	137	603	500	1,993	13	29	95	333	608	2355	45	227	251	1,657	196	782	448	1,210	38	285	2420	10672																																																					
Percentage Members on Formal Flexible Work Arrangements	15.64%	5.01%	15.18%	2.72%	10.59%	3.89%		14.78%	3.60%	3.17%	5.42%	8.11%	1.62%	5.84%	3.48%	15.20%	3.41%	23.08%	0.00%	15.79%	1.50%	15.46%	3.10%	2.22%	1.32%	15.94%	3.26%	7.14%	0.38%	15.18%	3.80%	2.63%	0.00%	13.60%	3.07%																																																					

Source: Defence HR system.

Notes

1. The sum of FWA applications may exceed the total number of people on any formal FWA due to some applications being for more than one FWA.
2. FWAs in this table only include those applied for using the ADF Application for Flexible Work form AE406.
3. While most Women in the ADF report data includes only permanent force, FWA reporting includes both permanent and continuous full-time service members in accordance with Service reporting requirements endorsed by Chiefs of Service Committee.

Figure 34 below shows the proportion of women and men in each State and Territory who were on a formal FWA at 30 June 2016. This identifies individuals who have applied for flexible work using the ADF Application for Flexible Work Form. Air Force continues to encourage individuals who have set up flexible arrangements at a local level to complete the form to ensure that they are captured in these figures. Notwithstanding, current figures may be an under-estimate as those who use flexible arrangements and have not submitted the form are excluded from these figures.

Women have higher rates of flexible work than men in each State and Territory. Similar to 2014-15, New South Wales, Queensland, South Australia and the Australian Capital Territory have the highest rates for flexible work among women, while Victoria and Tasmania, the Northern Territory, and particularly Western Australia have a low proportion of flexible work. The Australian Capital Territory was the region with the highest rate of flexible work for men in the Air Force.

Figure 34: Air Force members using formal flexible work arrangements, by state, 30 June 2016

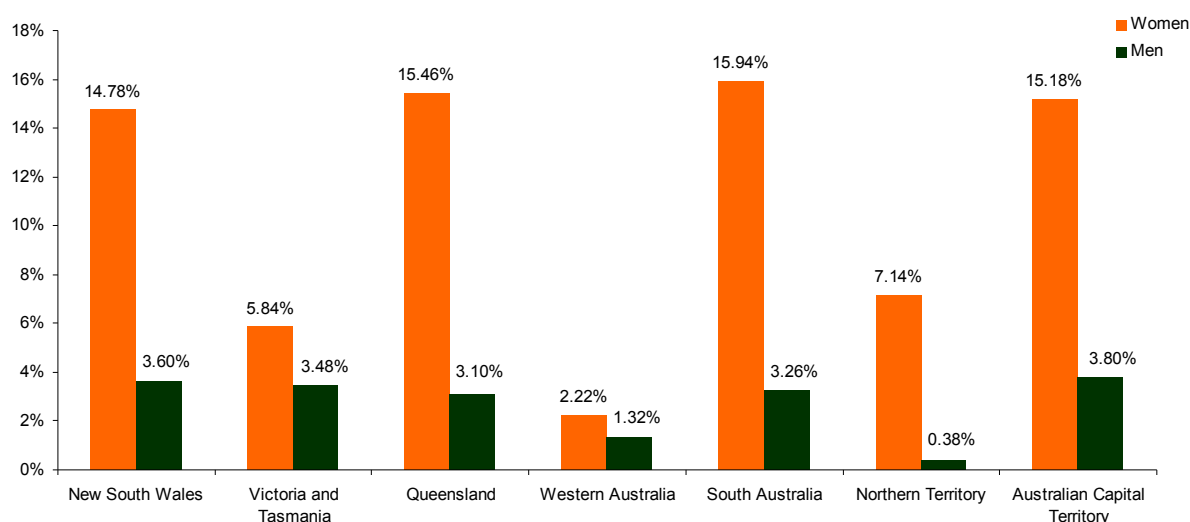


Table 83 shows the number of formal FWA applications which were submitted by Air Force members, and the number and proportion which were approved during 2015–16. This only includes arrangements which were applied for using the ADF Application for Flexible Work Form, so does not include any arrangements which may have been established without submitting this form.

Air Force members submitted a total of 1050 applications (an increase from 683 in 2014-15); noting some individuals submitted applications for more than one form of FWA.

Variable work hours was the arrangement most sought by both men and women, while more applications for home located work and part-time leave without pay were from women than men.

Of these applications, 96% of women's applications and 91% of men's applications were approved. Reasons for applications not being approved included an inability to support the request due to capability needs and that the proposed pattern of work would not enable appropriate levels of supervision.

Table 83: Flexible work arrangement application submissions and approvals in Air Force, 2015–16^{[1][2][3]}

Flexible Work Arrangements	Number Applications Submitted		Number Applications Approved		Percentage Applications Approved	
	W	M	W	M	W	M
W: Women; M: Men						
Variable Work Hours	345	468	327	420	95%	90%
Home Located Work	134	75	131	71	98%	95%
Alternate Location Work	29	50	27	48	93%	96%
Remote Overseas Work	19	13	19	12	100%	92%
Part-time Leave Without Pay	115	41	113	41	98%	100%
Total Formal Flexible Work Arrangements	642	647	617	592	96%	91%
Number of Applications	497	553	475	501		
Average Number of Arrangements per Application	1.29	1.17	1.30	1.18		

Source: Defence HR system.

Notes:

1. The sum of FWA applications may exceed the total number of people on any formal FWA due to some applications being for more than one FWA.
2. FWAs in this table only include those applied for using the ADF Application for Flexible Work form AE406.
3. While most Women in the ADF report data includes only permanent force, FWA reporting includes both permanent and continuous full-time service members in accordance with Service reporting requirements endorsed by Chiefs of Service Committee.

Progress towards success

Navy and Air Force have met the target of two per cent formalised flexible work arrangement for this initiative. This continues to be an area of opportunity for Army and Defence to support the workforce. Future initiatives such as the Total Workforce Model will present such opportunities.

Representation of women on Defence senior decision-making committees

In response to recommendations from the First Principles Review, significant changes have been made to Defence's senior decision making committees in 2015-16. Central to these reforms has been the re-positioning of the Defence Committee as the primary decision-making committee in Defence²⁴ with a smaller membership (reducing from 17 to 6 members). The Defence Committee is supported by Enterprise Business Committee which monitors in-year performance of the organisation, as well as the Investment Committee which manages future investments²⁵. Further, work has been undertaken to review Defence's enterprise-wide committees for their relevance and alignment to the new One Defence business model²⁶, resulting in a reduction in the number of senior

²⁴ Recommendation 1.13, First Principles Review – Creating One Defence.

²⁵ Recommendation 1.13, First Principles Review – Creating One Defence.

²⁶ Recommendation 1.14, First Principles Review – Creating One Defence.

committees, with 'road rules' introduced to ensure remaining committees operate as effectively and efficiently as possible.

Table 84 shows the gender balance on Defence's key decision-making bodies at 30 June 2016.

Table 84: Gender balance on key Defence decision-making bodies, 30 June 2016 ^{[1][2]}

Name of Committee	ADF		APS		Non-Defence		Vacant Positions	Headcount	Total		ADF Totals	
	Women	Men	Women	Men	Women	Men			% Women	% Men	% Women	% Men
Defence Committee (DC) (New, FPR Strategic Centre)	0	2	0	4	0	0	0	6	0.0%	100.0%	0.0%	100.0%
Chiefs of Service Committee (COSC)	1	6	1	2	1	0	0	11	27.3%	72.7%	14.3%	85.7%
Defence Civilian Committee (DCC)	0	1	4	8	0	0	0	13	30.8%	69.2%	0.0%	100.0%
Defence Audit & Risk Committee (DARC)	0	1	0	1	1	2	1	5	20.0%	80.0%	0.0%	100.0%
Enterprise Business Committee	0	4	1	7	0	0	0	12	8.3%	91.7%	0.0%	100.0%
Investment Committee	0	4	0	5	1	1	0	11	9.1%	90.9%	0.0%	100.0%
Chief of Navy Senior Advisory Committee (CNSAC)	1	8	0	1	0	0	0	10	10.0%	90.0%	11.1%	88.9%
Chief of Army Senior Advisory Committee (CASAC)	2	9	1	0	0	0	0	12	25.0%	75.0%	18.2%	81.8%
Chief of Air Force Advisory Committee (CAFAC)	2	10	0	1	0	0	0	13	15.4%	84.6%	16.7%	83.3%
Human Resources Development Board	1	4	1	1	0	0	0	7	28.6%	71.4%	20.0%	80.0%
Strategic Command Group	0	12	2	8	0	0	0	22	9.1%	90.9%	0.0%	100.0%
Defence Committee (DC)	CLOSED 1 July 2015											
Secretary and Chief of the Defence Force Advisory Committee (SCAC)	CLOSED 3 August 2015											
Defence Capability and Investment Committee (DCIC)	CLOSED 1 April 2016											
Defence Capability Committee (DCC)	CLOSED 1 April 2016											

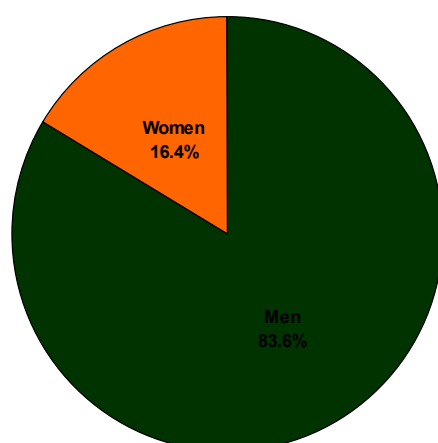
Source: Senior committee secretariats.

Notes

1. Appointment on these boards and committees is determined by position.
2. Figures include permanent members only; invited guests and observers are not included.

Figure 35 shows the proportions of women and men on key Defence decision-making bodies. Despite an almost 2 per cent increase in the proportion of women on these committees in 2015-16 when compared to the previous year, this was due to an overall decrease in the number of overall members on senior committees, with the total number of women actually declining from 21 in 2014-15 to 20 in 2015-16.

Figure 35: Percentage of women and men on key Defence decision-making bodies, 30 June 2016



The representation of women on Defence's senior decision-making committees continues to fall short of the 40:40:20 target²⁷. This is likely to continue, as long as women are not

²⁷ 40:40:20 refers to the gender balance target – 40% women, 40% men and 20% either men or women.

well represented at the senior leadership level in Defence, noting the senior representation required for each of these Committees. Most notably, Defence has no female representatives on its primary decision-making committee, the Defence Committee. Women are also considerably less well represented on its two supporting committees the Enterprise Business Committee and Investment Committee with female representation of 8.3 per cent and 9.1 percent respectively.

The proportion of women on the Chief of Service Committee has increased by 9.1 per cent since 2014-15, the result of an increase of one non-Defence female and a subsequent reduction of one ADF male representative. There was also a notable increase in the proportion of women on the Chief of Army Senior Advisory Committee (6.8 per cent) and the Chief of Air Force Advisory Committee (8.2 per cent) the result of an actual increase of one female ADF member on each committee (and for Air Force a reduction of two male ADF members).

Though small increases in the proportion of female representatives were also seen for the Defence Civilian Committee, Defence Audit and Risk Committee and Human Resource Development Board since 2014-15, this was due to a reduction in the number of committee members rather than an increase in the number of women.

The proportion of women on the Chief of Navy Senior Advisory Committee declined by 10 per cent in 2015-16, the result of a reduction of one female APS representative and the subsequent increase of one APS male representative.

Progress towards success

While the number of women in senior leadership positions remains low, Defence will fall short of its 40:40:20 target. In the short term, to address this issue it may be necessary to review the make-up of committees and offer places to women who are outside membership criteria.

Recognised relationships

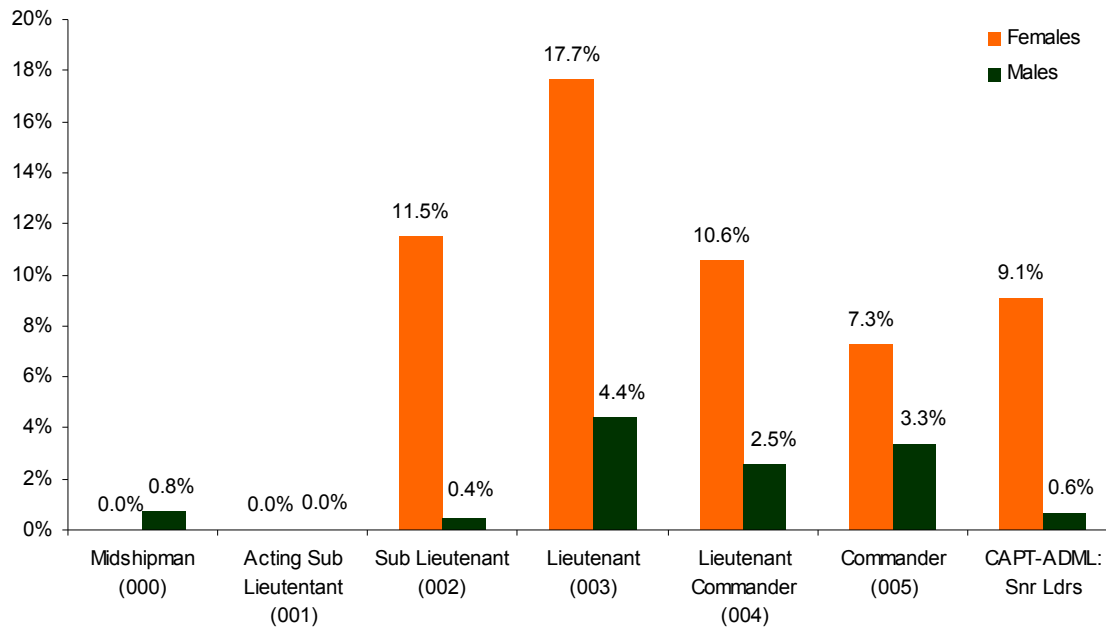
Military life impacts not only on the member but also their partner and family. Postings are a significant part of Service life and as such have large impact on partners and families of military members. This is acknowledged by Defence as part of the extant policy which specifically states “*Defence acknowledges Inter-Service couples have the same career management and collocation expectations as other serving spouses and interdependent couples. The Services Career Management Agencies (CMA) collaborate to best manage collocation options for Inter-Service couples on posting.*”²⁸ In short, where possible the ADF will facilitate members’ needs but they may not always be able to be accommodated. Members do make choices and the ADF helps where they can.

Figures 36 through 41 show the proportion of females and males in relationships with other ADF members. Not surprisingly, due to proportionality, females are more likely to be in a recognised relationship with another ADF member across all ranks and Services. Due to this being the first year of collecting this data few inferences can be drawn, however over time it is hoped that there will be the ability to track the career progress of

²⁸ MILPERSMAN Part 6, Chapter 5 – Posting of inter-service couples in the ADF.

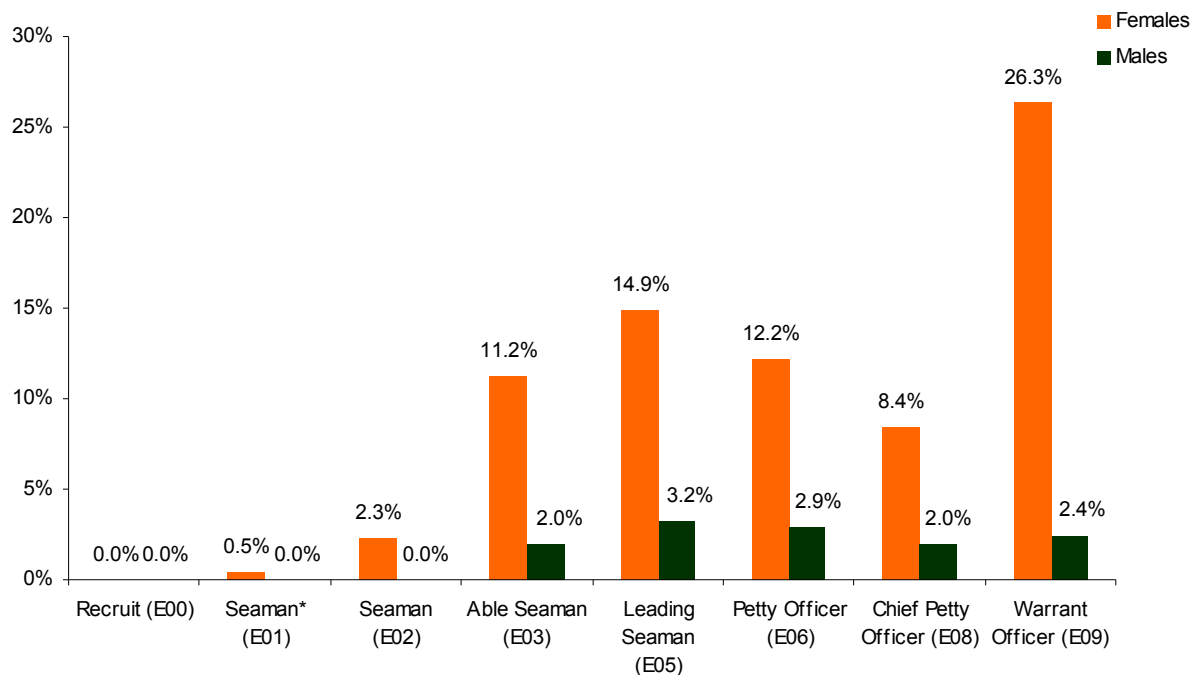
those in recognised relationships to determine if gender plays a role in whose career is prioritised above the others.

Figure 36: Proportion of Navy Officers in recognised relationships with other ADF Service members



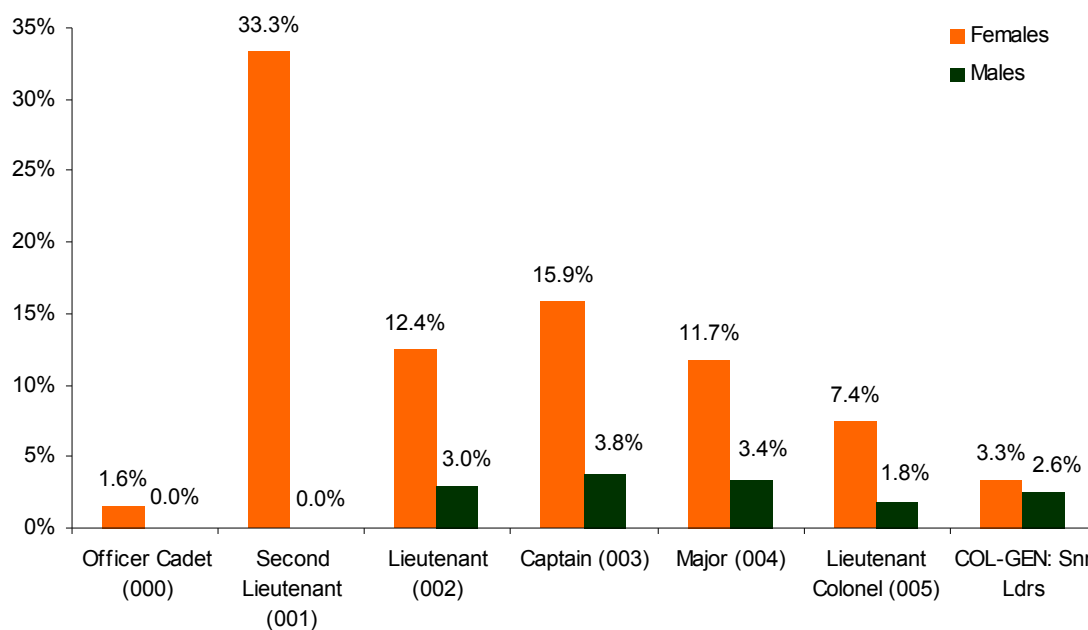
Source: Defence HR system.

Figure 37: Proportion of Navy Other Ranks in recognised relationships with other ADF Service members



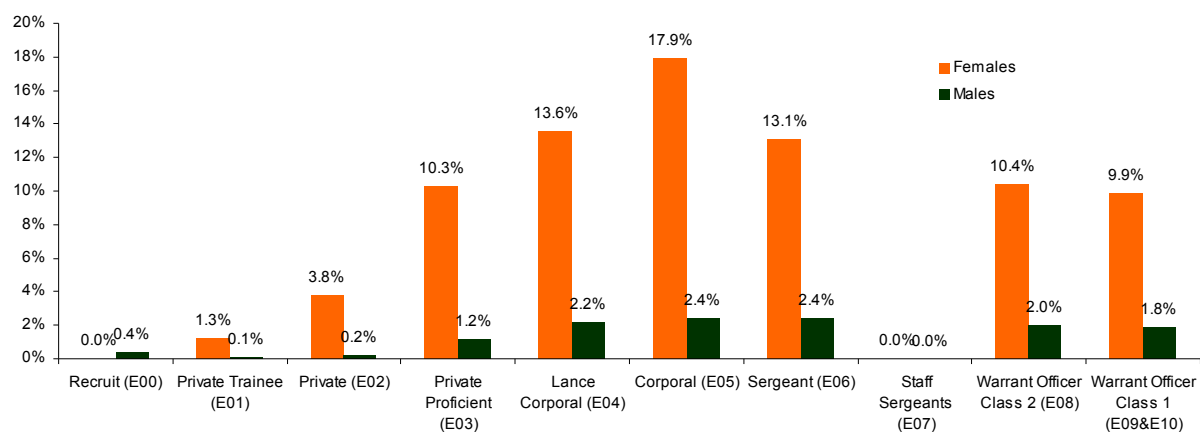
Source: Defence HR system.

Figure 38: Proportion of Army Officers in recognised relationships with other ADF Service members



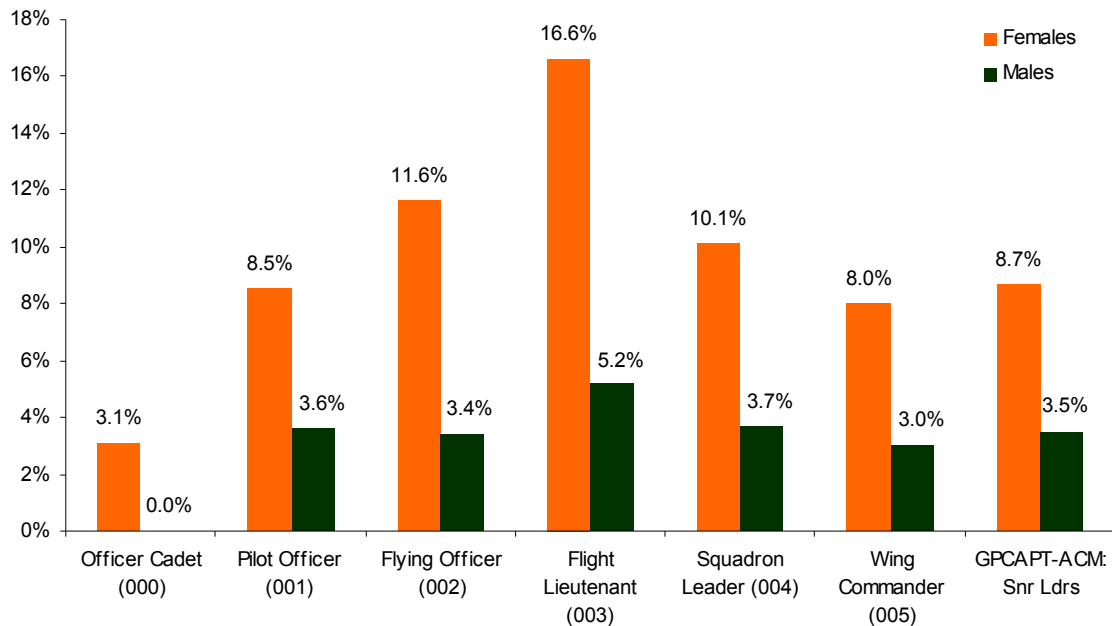
Source: Defence HR system.

Figure 39: Proportion of Army Other Ranks in recognised relationships with other ADF Service members



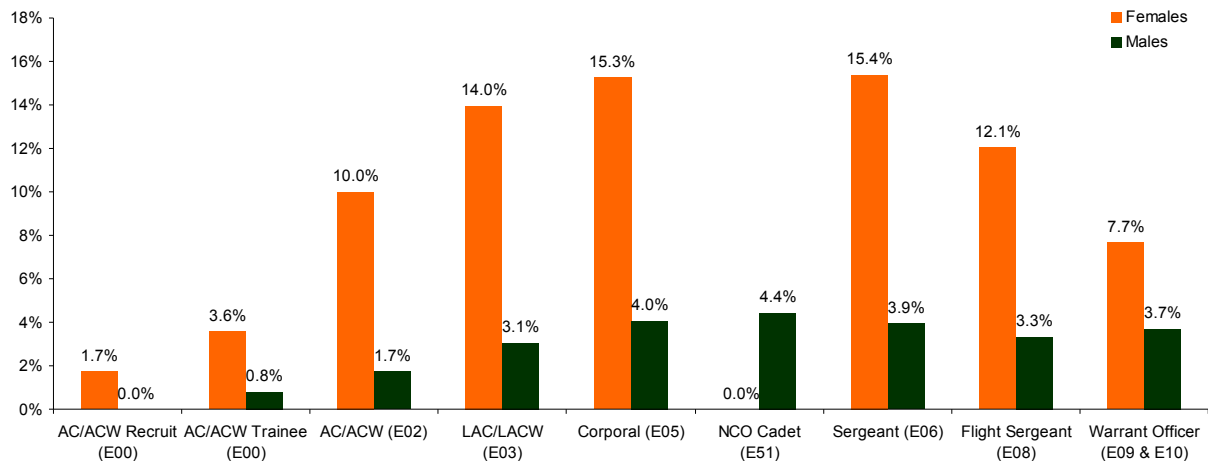
Source: Defence HR system.

Figure 40: Proportion of Air Force Officers Ranks in recognised relationships with other ADF Service members



Source: Defence HR system.

Figure 41: Proportion of Air Force Officers Ranks in recognised relationships with other ADF Service members



Source: Defence HR system.

Managing a workforce that is required to be mobile and responsive to a variety of situations requires planning and flexibility. Defence recognises that the needs of its members vary and offers a range of options for accommodating the careers of those who are in dual serving couples including offering the ability for members to be posted unaccompanied with their dependants.

Chapter 7: Transition and Re-engagement

We will know we have reached success in gender diversity and inclusion in Transition and Re-engagement when equal proportions of women and men transfer to the Reserves and continue to provide Service to the ADF upon transition from permanent service.

Transition from permanent ADF service into civilian life, which might include periods of Reserve service, marks a key milestone for the member and an opportunity for Defence. Members take with them a wealth of skills and experience built upon during their time in the ADF. Defence recognises the important contribution former permanent/regular ADF members can continue to provide, by encouraging discharging members to transfer to the Reserves and continue to provide service. This is supported by the Total Workforce Model, which does not affect this year's information, but should have an impact on 2016-17 information.

This section examines the proportion of men and women who transfer to the Active and Standby Reserves upon transfer from permanent/regular service and continue to render ADF service.

Transition to the Reserves

Defence members appointed or enlisted in the ADF on or after 01 July 2003, automatically transfer to the Standby Reserve following the end of their period of service in the Permanent ADF or Active Reserve. Of those who transfer to either the Active or Standby reserves not all volunteer to render actual service.

This section examines the proportion of men and women who transferred to the Active and Standby Reserves upon transfer from permanent/regular service in 2014-15 and who rendered Reserve service in 2015-16.

Table 85 shows the proportion of Permanent ADF men and women who transferred to the Active Reserve in 2014-15 upon separation from the permanent force and who rendered Reserve service in 2015-16. Of those who transitioned from permanent service in 2014-15, Navy and Air Force members were more likely than Army members to transfer to the Active Reserves. Despite a lower proportion of permanent Army members joining the Active Reserve upon separation from the permanent force, Army females (30.2 per cent) were more likely to transfer to the Active Reserve than Army males (20.5 per cent).

Of the permanent ADF members who did transfer to the Active Reserve upon separation from the permanent force, women in the Army and Air Force were more likely than their male counterparts to render Reserve service.

Table 85: Permanent ADF members who transferred to the Active Reserve in 2014-15 upon discharge and who rendered Reserve service in 2015-16 by gender, 2015-16^{[1][2]}

2015-16	No. of separations in 2014-15	No. who transferred to Active Reserve	% who transferred	Of those who transferred in 2014-15, no. who rendered Reserve Service in 2015-16	% who rendered Reserve Service
Navy					
Women	225	83	36.9%	13	15.7%
Men	843	289	34.3%	68	23.5%
Total Navy	1068	372	34.8%	81	21.8%
Army					
Women	388	117	30.2%	86	73.5%
Men	2546	521	20.5%	330	63.3%
Total Army	2934	638	21.7%		0.0%
Air Force					
Women	146	68	46.6%	43	63.2%
Men	607	306	50.4%	150	49.0%
Total Air Force	753	374	49.7%		0.0%
ADF					
Women	759	268	35.3%	142	53.0%
Men	3996	1116	27.9%	548	49.1%
Total ADF	4755	1384	29.1%	690	49.9%

Source: Defence HR system.

Notes

- Figures are based on ADF permanent force members who transferred to the Active Reserves in 2014-15 and who undertook at least one day of Reserve Service (excluding CFTS) in 2015-16.
- Percentages may not sum due to rounding.

Table 86 shows the number of days rendered by those Permanent ADF men and women who transferred to the Active Reserve in 2014-15 upon discharge and who rendered Reserve service in 2015-16.

Of those who rendered Reserve service in 2015-16, participation rates of women were above that of permanent women for Army and Air Force, whilst female participation rates were lower than that of permanent Navy women. Interestingly, patterns of attendance were similar for males and females across all Services.

Table 86: Permanent ADF members who joined the Active Reserves in 2014-15 upon discharge and who rendered Reserve Service in 2015-16 – Recorded Reserve Attendance days by gender, 2015-16^{[1][2]}

2015-16	Navy				Army				Air Force				ADF			
Attendance days	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
<20	4	30.8%	24	35.3%	48	55.8%	182	55.2%	15	34.9%	61	40.7%	67	47.2%	267	48.7%
20-49	4	30.8%	19	27.9%	23	26.7%	85	25.8%	12	27.9%	31	20.7%	39	27.5%	135	24.6%
50-99	4	30.8%	20	29.4%	11	12.8%	50	15.2%	11	25.6%	43	28.7%	26	18.3%	113	20.6%
100-149	1	7.7%	3	4.4%	4	4.7%	11	3.3%	3	7.0%	12	8.0%	8	5.6%	26	4.7%
150-200	0	0.0%	2	2.9%	0	0.0%	2	0.6%	2	4.7%	3	2.0%	2	1.4%	7	1.3%
200+	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	13	100.0%	68	100.0%	86	100.0%	330	100.0%	43	100.0%	150	100.0%	142	100.0%	548	100.0%

Source: Defence HR system.

Notes:

- Figures are based on ADF permanent force members who have transferred to Active Reserves in 2014-15 and who undertook at least one day Reserve Service (excluding CFTS) in 2015-16.
- Percentages may not sum due to rounding.

Table 87 shows the proportion of Permanent ADF men and women who transferred to the Standby Reserve in 2014-15 upon discharge and who rendered Reserve service in 2015-16. Of those who separated from the Permanent ADF in 2014-15, Navy and Army members were more likely than Air Force members to transfer to the Standby Reserves.

In 2014-15, men across all the Services were more likely than women to transfer to the Standby reserve. However, of those who transferred, women were slightly more likely to go on and render reserve service in the following year.

Table 87: Permanent ADF members who transferred to the Standby Reserve in 2014-15 upon discharge and who rendered Reserve Service in 2015-16 by gender, 2015-16 ^{[1] [2][3]}

2015-16	No. of separations in 2014-15	No. who transferred to Standby Reserve	% who transferred	Of those who transferred in 2014-15, no. who rendered Reserve Service in 2015-16	% who rendered Reserve Service
Navy					
Women	225	40	17.8%	4	10.0%
Men	843	193	22.9%	18	9.3%
Total Navy	1068	233	21.8%	22	9.4%
Army					
Women	388	102	26.3%	18	17.6%
Men	2546	745	29.3%	109	14.6%
Total Army	2934	847	28.9%		0.0%
Air Force					
Women	146	17	11.6%	1	5.9%
Men	607	107	17.6%	4	3.7%
Total Air Force	753	124	16.5%		0.0%
ADF					
Women	759	159	20.9%	23	14.5%
Men	3996	1045	26.2%	131	12.5%
Total ADF	4755	1204	25.3%	154	12.8%

Source: Defence HR system.

Notes:

1. Figures are based on ADF permanent force members who have transferred to Standby Reserves in 2014-15 and who undertook one day of Reserve Service (excluding CFTS) in 2015-16.
2. Percentages may not sum due to rounding.
3. Air Force will not allocate Reserve Service Days to a member in the Standby Reserve, they require a transfer to the Active Reserve to enable them to render Service, therefore they are more likely to transfer to Active Reserve upon separation.

Table 88 shows the number of days rendered by those Permanent ADF men and women who transferred to the Standby Reserve in 2014-15 and who rendered Reserve service in 2015-16.

Of those who rendered service in the Standby reserves the majority of ADF women rendered Service of less than 20 days. The majority of ADF men rendered 20 days or more of service.

Table 88: Permanent ADF members who joined the Standby Reserves in 2014-15 and who rendered Reserve Service in 2015-16 - Recorded Reserve Attendance Days by Gender, 2015-16 ^{[1][2]}

2015-16 Attendance days	Navy				Army				Air Force				ADF			
	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%	Men	%
<20	4	100.0%	11	61.1%	11	61.1%	47	43.1%	1	100.0%	2	50.0%	16	69.6%	60	45.8%
20-49	0	0.0%	5	27.8%	4	22.2%	24	22.0%	0	0.0%	1	25.0%	4	17.4%	30	22.9%
50-99	0	0.0%	1	5.6%	2	11.1%	28	25.7%	0	0.0%	1	25.0%	2	8.7%	30	22.9%
100-149	0	0.0%	1	5.6%	1	5.6%	8	7.3%	-	-	-	-	1	4.3%	9	6.9%
150-200	-	-	-	-	0	0.0%	1	0.9%	-	-	-	-	0	0.0%	1	0.8%
200+	-	-	-	-	0	0.0%	1	0.9%	-	-	-	-	0	0.0%	1	0.8%
Total	4	100.0%	18	100.0%	18	100.0%	109	100.0%	1	100.0%	4	100.0%	23	100.0%	131	100.0%

Source: Defence HR system.

Notes

1. Figures are based on ADF permanent force members who have transferred to Standby Reserves in 2014-15 and who undertook at least one day of Reserve Service (excluding CFTS) in 2015-16.
2. Percentages may not sum due to rounding.

Progress towards success

Transition rates to the reserve are comparable between females and males. The 2016 TWM will continue to provide opportunities and reporting in future years will monitor Defence's achievements against this metric.

Conclusion

The inaugural Women in the ADF report was published as an online supplement to the Defence Annual Report 2012–13, and provided a strong baseline for future reporting regarding women's participation and experiences in the ADF. The 2013–14 and 2014-15 reports were then able to report progress against that of the previous year.

This year's report introduces a revised reporting framework and a new suite of gender diversity metrics and gender inclusion key performance indicators which were approved by the Chiefs of Service Committee in 2016. The data contained herein is drawn from a variety of sources and has involved input from a range of different areas across the Department. As this is the first time that the report has included such an array of metrics, the data whilst presented in individual tables against individual success statement it should be viewed in its entirety.

The Key Performance Indicators - Assessment of progress

	Key Performance Indicator	Area of People System	Progress
KPI 1	Progression towards female representation targets	Workforce Management	
KPI 2	Progress towards reaching critical mass in identified employment categories	Workforce Management	
KPI 3	Increased acceptance of flexible work practices	Workforce Management	
KPI 4	Efforts being made to ensure that more women have opportunities to reach leadership positions	Workforce Management	
KPI 5	That the retention of women (by category) is equal to men	Retention	
KPI 6	Number of women recruited against service targets	Attraction & Recruitment	
KPIs 7, 9 & 10	Completion rates for ab initio training equal between men and women	Training	
KPI 8	Recruitment timeline for women is improved	Attraction & Recruitment	
KPI 11	No significant difference in cultural reporting from men and women	Workforce Management	
KPI 12	Increase in the number of women in leadership positions	Workforce Management	

Figures	6
Figure 1: Navy Growth Path to Achieve 25% Female Participation rate by 2023	6
Figure 2: Army Growth Path to Achieve 15% Female Participation rate by 2023.....	7
Figure 3: Air Force Growth Path to Achieve 25% Female Participation rate by 2023	8
Figure 4: Percentage of female ADF permanent force enlistments, by type and Service, 2015–16...	14
Figure 5: Percentage of female ADF permanent force ab initio enlistments, by type and Service, 2015–16.....	14
Figure 6: Percentage of female ADF permanent force prior service enlistments, by type and Service, 2015–16.....	17
Figure 7: Percentage of career breaks taken by women and men, by Service, 2015–16	41
Figure 8: Percentage of Navy officer promotions filled by women and percentage of women in ranks below, 2015–16	45
Figure 9: Percentage of Navy Other Ranks promotions filled by women and percentage of women in ranks below, 2015–16.....	45
Figure 10: Percentage of Army officer promotions filled by women and percentage of women in ranks below, 2015–16.....	46
Figure 11: Percentage of Army Other Ranks promotions filled by women and percentage of women in ranks below, 2015–16	46
Figure 12: Percentage of Air Force officer promotions filled by women and percentage of women in ranks below, 2015–16.....	47
Figure 13: Percentage of Air Force Other Ranks promotions filled by women and percentage of women in ranks below, 2015–16	48
Figure 14: ADF permanent force 12-month rolling separation rate, by Service, rank group and gender, 30 June 2016	72
Figure 15: Percentage of women and men retained 18 months after taking a period of Paid Parental or Maternity Leave 2015-16	84
Figure 16: ADF gender pay gap, Australian national pay gap, and public administration and safety industry pay gap.....	93
Figure 17: Average gender pay gap at each officer rank, by Service, 30 June 2016	94
Figure 18: Average gender pay gap at each other rank, by Service, 30 June 2016	95
Figure 19: Percentages of ADF women and men agreeing or strongly agreeing with YourSay items about job satisfaction, 2015–16	98
Figure 20: Percentages of ADF women and men agreeing or strongly agreeing with YourSay items about morale and intention to leave, 2015–16.....	99
Figure 21: Percentages of ADF women and men agreeing or strongly agreeing with YourSay items about Pathway to Change, 2015–16	99
Figure 22: Percentages of ADF women and men agreeing or strongly agreeing with YourSay items about leadership, 2015–16.....	100
Figure 23: Percentages of ADF women and men agreeing or strongly agreeing with YourSay items about identification with Defence, 2015–16.....	100
Figure 24: Percentage of women at each officer rank, by Service, 30 June 2016	105
Figure 25: Percentage of women at each other rank, by Service, 30 June 2016	106
Figure 26: Percentage of ADF women in each state and territory who are female, 30 June 2016 ...	108
Figure 27: Percentage of women in each occupational group, by Service, 30 June 2016	113
Figure 28: Percentage of ADF women and men responding positively to YourSay items about flexible work, 2015–16.....	119
Figure 29: Navy members using formal flexible work arrangements, by rank, 30 June 2016	121
Figure 30: Navy members using formal flexible work arrangements, by state, 30 June 2016.....	124
Figure 31: Army members using formal flexible work arrangements, by rank, 30 June 2016.....	127
Figure 32: Army members using formal flexible work arrangements, by state and territory, 30 June 2016	129
Figure 33: Air Force members using formal flexible work arrangements, by rank, 30 June 2016 ...	132
Figure 34: Air Force members using formal flexible work arrangements, by state, 30 June 2016 ..	134
Figure 35: Percentage of women and men on key Defence decision-making bodies, 30 June 2016	136
Figure 36: Proportion of Navy Officers in recognised relationships with other ADF Service members	138
Figure 37: Proportion of Navy Other Ranks in recognised relationships with other ADF Service members.....	138

Figure 38: Proportion of Army Officers in recognised relationships with other ADF Service members.....	139
Figure 39: Proportion of Army Other Ranks in recognised relationships with other ADF Service members.....	139
Figure 40: Proportion of Air Force Officers Ranks in recognised relationships with other ADF Service members.....	140
Figure 41: Proportion of Air Force Officers Ranks in recognised relationships with other ADF Service members.....	140

Tables

Table 1: Full Time Female Recruiting Achievement against targets, 2015-16 ^{[1][2][3][4][5]}	10
Table 2: Gap Year (GY) female recruiting achievement FY 2015-16 ^{[1][2]}	11
Table 3: ADF permanent force enlistments (all modes of entry), by gender and rank group, 2015-16 ^{[1][2][3][4]}	12
Table 4: ADF permanent force <i>ab initio</i> enlistments, by gender and rank group, 2015-16 ^{[1][2][3][4]}	12
Table 5: ADF Gap Year, by gender, 2015-16 ^{[1][2][3][4]}	13
Table 6: ADF permanent force prior service enlistments by gender, mode of entry, and rank group, 2015-16 ^{[1][2][3][4][5]}	16
Table 7: Recruitment of women initiatives, Army, 2015-16	19
Table 8: Experiential Camp Statistics 2013 – 2016	21
Table 9: Average Days in the Recruiting Process - Application to enlistment/Appointment (Full-Time), 2015-16 ^{[1][2][3][4][5][6][7]}	22
Table 10: Average Days in the Recruiting Process - Application to Letter of Offer (Full-Time), 2015-16 ^{[1][2][3][4][5][6][7][8]}	23
Table 11: Average Days in the Recruiting Process - Letter of Offer to Enlistment/Appointment (Full-Time), 2015-16 ^{[1][2][3][4][5][6][7]}	23
Table 12: Conversion Rates (Full-Time applicants), 2015-16 ^{[1][2]}	24
Table 13: Satisfaction with Recruitment by Gender, 2015-16 ^{[1][2][3][4]}	26
Table 14: The number and proportion of Other Ranks and Officers who commenced by those who completed <i>ab initio</i> training in FY2015-16 ^{[1][2][3]}	29
Table 15: Reasons for non-completion in FY 2015-16 ^{[1][2]}	29
Table 16: The number and proportion of women and men who commenced for the first time and successfully completed an <i>ab initio</i> course in the minimum period in FY2015-16 ^{[1][2][3]}	31
Table 17: Reasons for non-completion within the minimum period on the first attempt by gender for FY 2015-16 ^[1]	31
Table 18: Number and proportion of female and male cadets who commenced a degree at ADFA and the proportion of those who graduated on time ^{[1][2][3][4][5][6]}	33
Table 19: Completion Rates for ADFA Undergraduate (UG) Degrees – Number and proportion of female and male cadets who completed their degree in the minimum period, 2015 ^{[1][2][3][4][5][6]}	33
Table 20: Reasons for non-completion by gender and Service ^{[1][2][3][4]}	34
Table 21: ADF education sponsorship by Service and gender, applications and offers, 2016 ^{[1][2][3][4]}	35
Table 22: Other Education Programs (Navy), 2016 ^{[1][2]}	36
Table 23: Other Education Programs (Army), 2016 ^{[1][2][3]}	37
Table 24: Other Education Programs (Air Force), 2016 ^[1]	38
Table 25: Navy members retained after taking a career break of three months or more, 2015-16 ^{[1][2][3][4]}	39
Table 26: Army members retained after taking a career break of three months or more, 2015-16 ^{[1][2][3][4]}	40
Table 27: Air Force members retained after taking a career break of three months or more, 2015-16 ^{[1][2][3][4]}	41
Table 28: ADF permanent force promotions (number and proportion of women and men substantively promoted to each rank), 2015-16 ^{[1][2][3][4][5][6][7][8]}	44
Table 29: Navy officer promotional gateway courses and command appointments, 2015-16 ^{[1][2][3]}	49
Table 30: Navy Other Ranks promotional gateway to Petty Officer, Chief Petty Officer and Warrant Officer (Navy Sergeant, Warrant Officer Class 2 and Warrant Officer Class 1 equivalent), 2015-16 ^[1]	50
Table 31: Army officer promotional gateway courses and command appointments, 2015-16 ^{[1][2]}	50
Table 32: Army Other Ranks promotional gateways to rank of Sergeant, 2015-16 ^{[1][2]}	51

Table 33: Air Force officer promotional gateway courses and command appointments, 2015–16 ^{[1][2][3][4][5][6][7]}	52
Table 34: Air Force Other Ranks promotional gateway course, 2015–16 ^[1]	53
Table 35: Number and proportion of women and men on promotion boards, 2015–16 ^{[1][2][3][4][5][6]}	55
Table 36: Number and proportion of promotion boards with at least one female board member, 2015–16 ^{[1][2][3][4]}	56
Table 37: Women's Integrated Networking Group program ^[1]	61
Table 38: YourSay surveys (August 2015 and February 2016) – responses on career management in the ADF ^{[1][2][3][4]}	63
Table 39: Number and percentage of ADF women and men who received honours and awards in FY 2015–16 ^{[1][2][3][4]}	64
Table 40: Number and proportion of Navy women and men in key representational appointments, 30 June 2016 ^{[1][2]}	65
Table 41: Number and proportion of Non-Commissioned men and women undertaking key representational positions during fiscal year 15–16 ^[1]	66
Table 42: Number and proportion of Army women and men in key representational appointments, 30 June 2016 ^{[1][2]}	66
Table 43: Number and proportion of Air Force women and men in key representational appointments, 30 June 2016 ^{[1][2]}	67
Table 44: ADF permanent force 12-month rolling separation rates by gender and rank group, 30 June 2016 ^{[1][2]}	71
Table 45: ADF permanent force separations by gender and type of separation, 2015–16	73
Table 46: 2015 YourSay Leaving Defence Survey – top 10 reasons for ADF members leaving ^[1]	74
Table 47: ADF Permanent force median time in Service (years) by gender and rank group (headcount) as at 30 June 16 ^[1]	75
Table 48: ADF Permanent force median time in Service (years) by gender and rank group (on separation) 2015–16 ^[1]	76
Table 49: Number and proportion of Permanent Navy women who commenced at least one period of paid or unpaid maternity leave, 2015–16 ^{[1][2]}	79
Table 50: Number and proportion of Permanent Navy members who commenced at least one period of paid or unpaid parental leave, 2015–16 ^{[1][2]}	80
Table 51: Number and proportion of Permanent Army women who commenced at least one period of paid or unpaid maternity leave, 2015–16 ^{[1][2]}	80
Table 52: Number and proportion of Permanent Army members who commenced at least one period of paid or unpaid parental leave, 2015–16 ^{[1][2]}	81
Table 53: Number and proportion of Permanent Air Force women who commenced at least one period of paid or unpaid maternity leave, 2015–16 ^{[1][2]}	81
Table 54: Number and proportion of Permanent Air Force members who commenced at least one period of paid or unpaid parental leave, 2015–16 ^{[1][2]}	82
Table 55: Number and proportion of Navy members retained 18 months after a period of Paid Maternity or Parental Leave 2015–16 ^{[1][2][3]}	82
Table 56: Number and proportion of Army members retained 18 months after a period of Paid Maternity or Parental Leave 2015–16 ^{[1][2][3]}	83
Table 57: Number and proportion of Air Force members retained 18 months after a period of Paid Maternity or Parental Leave 2015–16 ^{[1][2][3]}	83
Table 58: Number and proportion of Navy members retained 18 months, 3 years and 5 years after a period of Paid Maternity or Parental Leave ^{[1][2][3]}	85
Table 59: Number and proportion of Army members retained 18 months, 3 years and 5 years after a period of Paid Maternity or Parental Leave ^{[1][2][3]}	86
Table 60: Number and proportion of Air Force members retained 18 months, 3 years and 5 years after a period of Paid Maternity or Parental Leave ^{[1][2][3]}	87
Table 61: Type of childcare used by females and males with children under 5 by Service ^{[1][2]}	89
Table 62: How well do childcare needs meet the needs of ADF members, by gender for each Service	89
Table 63: Why childcare needs were not being fully met ^{[1][2]}	90
Table 64: Percentage of women and men whose childcare needs were only partially or not at all met by State	90
Table 65: Reasons why childcare did not meet needs, women and men by State ^{[1][2]}	91
Table 66: Gender pay gap in ADF—comparisons of average actual salary, by Service and rank, 30 June 2016 ^{[1][2][3][4][5]}	93
Table 67: YourSay surveys (August 2015 and February 2016) – responses on ADF women's and men's experiences ^{[1][2][3][4]}	97

Table 68: ADF permanent force, by gender and rank, 30 June 2016 ^{[1][2][3][4][5][6][7][8][9][10][11]}	104
Table 69: ADF permanent force, by gender and employment location, 30 June 2016 ^{[1][2][3][4][5][6][7][8]}	107
Table 70: Key bases in each Australian state and territory, by Service	109
Table 71: ADF permanent force, by gender, occupational group and rank group, 30 June 2016 ^{[1][2][3][4][5]}	110
Table 72: Transfers between occupational groups by gender, 2015-16 ^{[1][2][3][4]}	115
Table 73: ADF Permanent Force: Reversion/Reduction in Rank, 2015-16 ^{[1][2][3][4][5]}	117
Table 74: YourSay surveys (August 2015 and February 2016) – responses on flexible work by Service and gender ^{[1][2][3][4][5]}	118
Table 75: Navy members using formal flexible work arrangements, by rank, 30 June 2016 ^{[1][2][3]}	120
Table 76: Navy members using formal flexible work arrangements, by region, 30 June 2016 ^{[1][2][3]}	123
Table 77: Flexible work arrangement application submissions and approvals in Navy, 2015-16 ^{[1][2][3][4]}	125
Table 78: Army members using formal flexible work arrangements, by rank, 30 June 2016 ^{[1][2][3]}	126
Table 79: Army members using formal flexible work arrangements, by region, 30 June 2016 ^{[1][2][3]}	128
Table 80: Flexible work arrangement application submissions and approvals in Army, 2015-16 ^{[1][2][3]}	130
Table 81: Air Force members using formal flexible work arrangements, by rank, 30 June 2016 ^{[1][2][3]}	131
Table 82: Air Force members using formal flexible work arrangements, by region, 30 June 2016 ^{[1][2][3]}	133
Table 83: Flexible work arrangement application submissions and approvals in Air Force, 2015-16 ^{[1][2][3]}	135
Table 84: Gender balance on key Defence decision-making bodies, 30 June 2016 ^{[1][2]}	136
Table 85: Permanent ADF members who transferred to the Active Reserve in 2014-15 upon discharge and who rendered Reserve service in 2015-16 by gender, 2015-16 ^{[1][2]}	142
Table 86: Permanent ADF members who joined the Active Reserves in 2014-15 upon discharge and who rendered Reserve Service in 2015-16 – Recorded Reserve Attendance days by gender, 2015-16 ^{[1][2]}	142
Table 87: Permanent ADF members who transferred to the Standby Reserve in 2014-15 upon discharge and who rendered Reserve Service in 2015-16 by gender, 2015-16 ^{[1][2][3]}	143
Table 88: Permanent ADF members who joined the Standby Reserves in 2014-15 and who rendered Reserve Service in 2015-16 - Recorded Reserve Attendance Days by Gender, 2015-16 ^{[1][2]}	144

SEXUAL MISCONDUCT PREVENTION AND RESPONSE OFFICE

The Sexual Misconduct Prevention and Response Office (SeMPRO) was launched in July 2013. SeMPRO's key objectives are:

- to respond to and support sexual misconduct victims and other personnel impacted by sexual misconduct incidents and offences
- to be the single point of sexual misconduct data collection and analysis within Defence
- to provide education, primary prevention tools, and advice about sexual misconduct in Defence.

SeMPRO has prepared this report as a key output of its role as the central point of sexual misconduct data collection and reporting within Defence.

DEFINING SEXUAL MISCONDUCT

Defence uses the term 'sexual misconduct' to describe a range of non-consensual behaviours of a sexual nature, committed by force or intimidation, or that are otherwise unwelcome. Sexual misconduct spans sex discrimination, sexual harassment, and sexual offences. SeMPRO collects data on formally reported incidents of sexual harassment and sexual offences but does not currently collect data on sex discrimination.

SeMPRO has adopted a simple framework to categorise reports of sexual misconduct incidents in the following way:

- **pornography** – posting sexually explicit pictures in hardcopy, such as posters, or in softcopy, such as on social media
- **sexual harassment** – leering, unwelcome touching, suggestive comments, insults of a sexual nature, sexually explicit messages, stalking, inappropriate advances
- **acts of indecency** – flashing, masturbation, sexualised physical touching, taking or transmitting sexually explicit videos or photographs without consent, upskirting, voyeurism
- **sexual assault** – penetrative acts, or the threat of penetrative acts, without consent
- **aggravated sexual assault** – penetrative acts committed without consent, or the threat of penetrative acts committed without consent, with aggravating circumstances such as violence, weapon use, proscribed consent, or committed in company.

SEMPRO DATA

This supplementary report describes two types of data collected and analysed by SeMPRO – SeMPRO service use data and formally reported sexual misconduct incidents data.

SEMPRO SERVICE USE

Section One reports on SeMPRO service use among Defence personnel. SeMPRO collects demographic information about clients who sought support and case management services as victims; solicited advice on managing incidents as commanders; requested debriefing and other mental health support; and needed information about other behaviour management processes from the Directorate of

Response, Support and Research in SeMPRO. SeMPRO service use data is based on the information clients give freely when they call and is subject to aggregated reporting only to protect clients' confidentiality.

FORMALLY REPORTED SEXUAL MISCONDUCT INCIDENTS

Section Two reports on administrative data SeMPRO receives about sexual harassment incidents and sexual offences formally reported to Defence. The Service Police Central Records Office provides SeMPRO with initial report files from incidents reported to the Australian Defence Force Investigative Service (ADFIS). The Directorate of Complaints and Resolution provides incident details from sexual harassment incidents reported to Defence. The Directorate of Complaints and Resolution provides additional data on the time between reporting and resolution for sexual harassment incidents. This is also presented in Section Two.

The Defence population data used to derive per capita figures presented in Section Two was downloaded from the Management and Analysis Reporting Solution (MARS) database on 23 June 2016. The MARS data used was a personnel headcount spanning permanent and reserve members, and Defence Australian Public Service (APS) employees, by Defence Groups and by work location.

DEFENCE GROUPS AND SERVICES

Analysis of formally reported incidents data has compared the Defence Group identified with the incident rather than the Service of those involved. Defence Group was used as a basis for analysis, instead of Service, as an incident may involve a victim from one Service, may be perpetrated by a member from a second Service, and take place on a Defence base of a third Service or on a civilian Defence site. Defence Groups, including the three Service Groups, employ personnel from all Services. Most Navy members work in Navy Group, for example, yet Navy Group also includes some Army and Air Force members and some Defence APS employees.

GENDER AND REPORTING

SeMPRO collects data on gender in accordance with the Australian Government Guidelines on the Recognition of Sex and Gender.¹ Gender is recorded in SeMPRO data holdings as male, female, or indeterminate/intersex/unspecified. The SeMPRO supplementary report to the Defence annual report uses gender as the basis of some analysis. Too few people who identified as indeterminate/intersex/unspecified were present in SeMPRO's datasets to report using three gender categories without compromising the confidentiality of some people.

¹ Attorney-General's Department 2015. Australian Government Guidelines on the Recognition of Sex and Gender (November 2015 edition). Canberra: Attorney-General's Department.

SECTION ONE. ACCESSING HELP VIA SeMPRO

- Victim services clients were one-third of SeMPRO's total client base in each year of operation.
- Almost half of SeMPRO's clients in 2015–16 were Defence personnel who sought advice with incident management.
- One-third of support and case management clients were males.

SeMPRO CLIENT NEEDS

SeMPRO support coordinators assisted 768 clients between SeMPRO's establishment in 2013 and 30 June 2016.² SeMPRO provided help to four broad types of clients during its first three full years of operation:

- sexual misconduct victims who sought ongoing or episodic mental health support and case management
- Defence personnel other than victims who solicited advice and information about managing sexual misconduct incidents in Defence
- Defence personnel other than sexual misconduct victims who sought mental health support and debriefing
- Defence personnel who sought information about SeMPRO's services, managing other behaviours, and responding to sexual assaults outside of Defence.

SeMPRO helped 86 sexual misconduct victims in Defence in 2015–16. SeMPRO victim services varied with the needs of the client. SeMPRO provided:

- direct episodic mental health support to victims
- case management services that involved liaison with ADFIS, health and mental health professionals, veterans' services, and the chain of command
- court support to victims giving evidence at a court martial
- case management where victims and others in the chain of command were separately accessing support from SeMPRO
- restricted disclosure services to facilitate sexual offence victims who are ADF members to access help without formal reporting to Defence.

² SeMPRO commenced operation in May 2013. Two clients commenced contact with SeMPRO in the 2012–13 financial year but have been reported in 2013–14 for reporting ease.

SeMPRO received a small number of restricted disclosures over its three years of operation. SeMPRO is able to report that half of the restricted disclosures made between 2013–14 and 2015–16 were formally reported to Defence and thereby became unrestricted reports.

TABLE 1: CALLERS CONTACTING SEMPRO, BY SERVICE PROVIDED, 2013–14 TO 2015–16

SEMPRO SERVICE PROVIDED		2013–14	2014–15	2015–16	TOTAL
SUPPORT TO VICTIMS	NUMBER	70	114	86	270
	PER CENT	36%	36%	33%	35%
ADVICE MANAGING SEXUAL MISCONDUCT IN DEFENCE	NUMBER	52	131	115	298
	PER CENT	27%	42%	45%	39%
DEBRIEFING AND OTHER MENTAL HEALTH SUPPORT	NUMBER	10	15	17	42
	PER CENT	5%	5%	7%	6%
SEMPRO SERVICES, MARKETING, AND TRAINING	NUMBER	7	26	22	55
	PER CENT	4%	8%	9%	7%
INFORMATION ON CIVILIAN ASSAULTS, UNACCEPTABLE BEHAVIOURS, OTHER ISSUES	NUMBER	57	28	18	103
	PER CENT	29%	9%	7%	13%
TOTAL	NUMBER	196	314	258	768
	PER CENT	100 %	100 %	100 %	100 %

Note: The percentages in Table 1 may not total 100 due to rounding.

Victim services clients consistently represented around one-third of SeMPRO's clients in each year of operation.³ The data in Table 1 indicate that the mix of services SeMPRO provided to Defence, outside of case management and support, evolved between 2013–14 and 2015–16.⁴

The number of commanders, managers, and other personnel seeking advice about managing sexual misconduct incidents in Defence increased dramatically between 2013–14 and 2014–16.⁵ Defence personnel seeking advice on sexual misconduct incident management represented 45 per cent of SeMPRO's clients in 2015–16. SeMPRO provided advice on:

- Defence sexual offence mandatory reporting requirements
- civilian mandatory reporting requirements for sexual offences involving minors
- complying with Defence's requirements while treating victims sensitively
- support options available to victims inside and outside of Defence.

The proportion of callers who contacted SeMPRO with questions about non-sexualised unacceptable behaviours, sexual offences outside of Defence, and non-

³ The proportion of SeMPRO services provided to victim services clients remained consistent across financial years ($\chi^2(2) = 0.746$).

⁴ The mix of services provided by SeMPRO varied between financial years ($\chi^2(8) = 65.133$; $p = 0.000$; Cramer's $V = 0.206$).

⁵ The proportion of SeMPRO services provided to Defence personnel to manage sexual misconduct incidents was not consistent across financial years ($\chi^2(2) = 17.174$; $p = 0.000$; Cramer's $V = 0.150$).

SeMPRO services has fallen from 29 per cent in 2013–14 to less than 10 per cent in 2014–15 and 2015–16.⁶

CLIENTS SEEKING SUPPORT AND CASE MANAGEMENT

One-third of SeMPRO's clients in 2015–16 were sexual misconduct victims who sought support or case management services (n = 86). Males comprised 26 per cent of SeMPRO's victim services clients in 2015–16 (n = 22).⁷ The proportion of male victim services clients was similar across all three financial years.⁸

Two-thirds of the victim services clients who sought SeMPRO support or case management services in 2015–16 were current serving ADF members (n = 58; 67 per cent) and a further seven per cent were ex-serving ADF members (n = 6). The remaining quarter of victim services clients identified themselves as civilians or did not indicate their Service (n = 22; 26 per cent). The proportion of victim services clients who were current and ex-serving ADF members remained consistent across financial years.⁹ Navy members comprised 35 per cent of SeMPRO's victim services clients over the first three years of operation combined (n = 94).¹⁰ Army members made up 26 per cent of those clients (n = 70) and 14 per cent were Air Force members (n = 37).

The volume of SeMPRO's victim services clients from each Service has not been consistent across financial years.¹¹ Table 2 illustrates that SeMPRO helped 49 victims who identified their Service in 2013–14, 89 victims who identified their Service in 2014–15, and 63 victims who identified their Service in 2015–16.

TABLE 2: SERVICE IDENTIFIED SEMPRO SUPPORT AND CASE MANAGEMENT CLIENTS, 2013–14 TO 2015–16

SERVICE		2013–14	2014–15	2015–16	TOTAL
NAVY	NUMBER	20	50	24	94
	PER CENT	41%	56%	38%	47%
ARMY	NUMBER	18	21	31	70
	PER CENT	37%	24%	49%	35%
AIR FORCE	NUMBER	11	18	8	37
	PER CENT	22%	20%	13%	18%
TOTAL	NUMBER	49	89	63	201
	PER CENT	100 %	100 %	100 %	100 %

⁶ The proportion of SeMPRO callers seeking information about non-SeMPRO behaviour management incidents and civilian assaults was not consistent across financial years ($\chi^2(2) = 56.105$; $p = 0.000$; Cramer's $V = 0.270$).

⁷ Not all callers provide demographic information when they contact SeMPRO. SeMPRO reporting in this section accurately describes the information clients provided but will not total the overall number of clients in every instance.

⁸ The proportions of male and female victim services clients remained consistent across financial years ($\chi^2(2) = 1.183$; $p = 0.554$).

⁹ The proportions of current serving, ex-serving, civilian, and Service unknown victim services clients were consistent across financial years ($\chi^2(4) = 8.228$; $p = 0.084$).

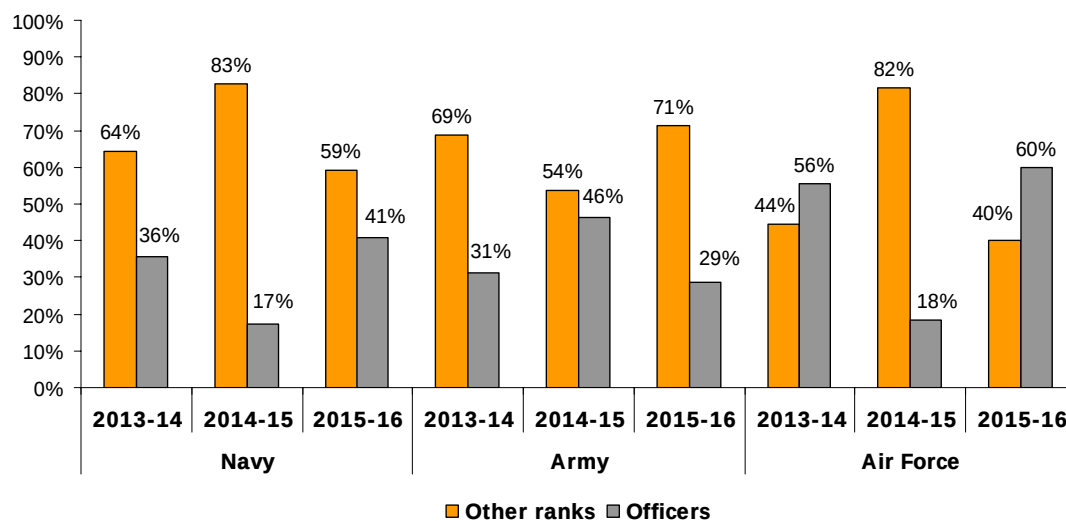
¹⁰ These figures include all victim services clients and not just those who provided their Service.

¹¹ The proportion of victim services clients from each Service was not consistent across financial years ($\chi^2(4) = 11.795$; $p = 0.019$; Cramer's $V = 0.171$).

The proportion of SeMPRO victim services clients who were officers and who were other ranks was consistent across all three years of operation.¹² One-third of the SeMPRO victim services clients who provided their rank were officers (n = 48; 33 per cent). Fifty-five per cent of victim services clients were junior other ranks (n = 81) and 12 per cent were senior non-commissioned officers (n = 18).

Figure 1 shows the rank groups in each Service for SeMPRO victim services clients between 2013–14 and 2015–16. There were too few victim services clients to indicate statistically significant differences over time in those groups.

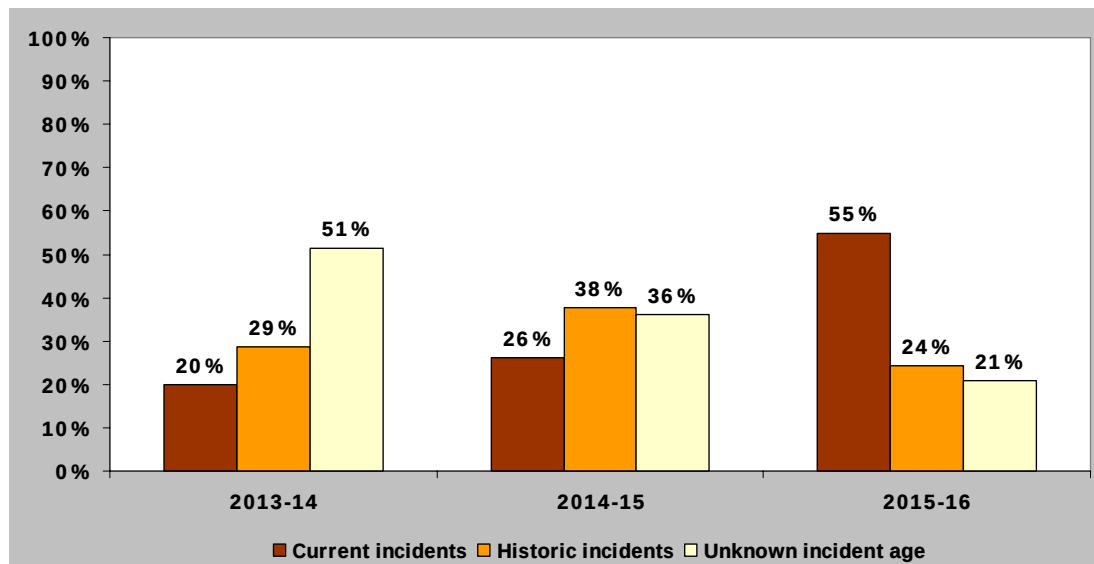
FIGURE 1: SEMPRO VICTIM SERVICES CLIENTS, RANK GROUPS BY SERVICE, 2013–14 TO 2015–16



¹² The proportion of SeMPRO victim services clients who were officers was consistent across financial years ($\chi^2(2) = 2.709$; $p = 0.258$).

The proportion of SeMPRO victim services clients who sought assistance with historic sexual misconduct offences and incidents changed over the three financial years of operation.¹³ The data in Figure 2 illustrate that proportionally more victim services clients have sought assistance with incidents that took place less than one year prior to contacting SeMPRO (n = 47; 55 per cent) than in previous financial years.

FIGURE 2: SEMPRO VICTIM SERVICES CLIENTS' EXPERIENCES OF CURRENT AND HISTORIC SEXUAL MISCONDUCT INCIDENTS



¹³ The proportions of victim services clients who called about current experiences, historic experiences, and date unknown experiences were not consistent across financial years ($\chi^2(4) = 30.162$; $p = 0.000$; Cramer's $V = 0.334$).

CLIENTS SEEKING ADVICE AND INFORMATION

A total of 298 Defence personnel have sought advice and information about managing sexual misconduct incidents in Defence from SeMPRO between establishment and 30 June 2015–16. The requests for information included advice for managing incidents as managers and commanders, advice for responding to incidents as a colleague or peer, and information about reporting requirements and legal options.

The proportions of sexual misconduct advice clients from each Service remained consistent across SeMPRO's three financial years.¹⁴ Table 3 illustrates the consistent representation across the Services despite changes in the number of advice clients over time.

TABLE 3: SEMPRO SEXUAL MISCONDUCT ADVICE CLIENTS BY SERVICE, 2013–14 TO 2015–16

SERVICE		2013–14	2014–15	2015–16	TOTAL
NAVY	NUMBER	10	34	27	71
	PER CENT	19%	26%	24%	24%
ARMY	NUMBER	19	42	36	97
	PER CENT	37%	32%	31%	33%
AIR FORCE	NUMBER	14	32	21	67
	PER CENT	27%	24%	18%	23%
CIVILIAN PERSONNEL	NUMBER	4	13	21	38
	PER CENT	8%	10%	18%	13%
ADF MEMBER – SERVICE UNKNOWN	NUMBER	3	3	2	8
	PER CENT	6%	2%	2%	3%
SERVICE NOT PROVIDED	NUMBER	2	7	8	17
	PER CENT	4%	5%	7%	6%
TOTAL	NUMBER	52	131	115	298
	PER CENT	100 %	100 %	100 %	100 %

Note: The percentages in Table 3 may not total 100 due to rounding.

¹⁴ The Service of sexual misconduct advice clients was consistent across financial years (x2(6) = 7.329; p = 0.299).

SECTION TWO. FORMALLY REPORTED SEXUAL MISCONDUCT INCIDENTS

- A total of 245 sexual misconduct reports were made in 2015–16.
- The proportion of those reports that were sexual offences was consistent with previous years.
- Historic reporting peaked in 2014–15 and reporting for current incidents was highest in 2013–14.
- Four out of ten sexual misconduct incident reports were made in Defence training environments.

INCIDENT REPORTING IN 2015–16

Defence received 245 sexual misconduct incident reports in 2015–16. Around two-thirds of those reports were about sexual offences against the person ($n = 167$; 68 per cent). Sexual offences against the person were acts of indecency, sexual assaults, and aggravated sexual assaults. Just fewer than 30 per cent of formally reported incidents were about sexual harassment behaviours ($n = 69$; 28 per cent). These included repeated and unsolicited requests for sex, including requests sent electronically, unwelcome but non-criminal touching, and sexual innuendo from personnel in work and training settings. Less than five per cent of reported incidents were pornography offences ($n = 9$; 4 per cent). The proportions of sexual offences, pornography offences, and sexual harassment incidents reported in 2015–16 were consistent with those reported in the previous four financial years.¹⁵

The figures in Table 4 indicate the volume and proportions of specific categories of sexual misconduct incidents reported between 2011–12 and 2015–16. The proportion of reported incidents made from each specific category was not stagnant over that five-year period. The proportion of incidents that were sexual offences, overall, remained consistent across years.¹⁶ The trend data in Table 4 suggest that 2013–14 and 2014–15 saw proportionally fewer reported acts of indecency than in other years, matched with a small proportional increase in sexual assaults in those years. The data in Table 4 suggest that there was little variation in reported pornography offences or aggravated sexual assaults across the five financial years.

¹⁵ The proportions of formally reported sexual misconduct incidents that were offences against the person, sexual harassment incidents, and pornography offences did not vary across financial years ($\chi^2(8) = 15.071$; $p = 0.058$).

¹⁶ The specific types of sexual misconduct incidents reported to Defence were not consistent across financial years ($\chi^2(16) = 27.403$; $p = 0.037$; Cramer's $V = 0.153$).

TABLE 4: SEXUAL MISCONDUCT INCIDENTS REPORTED FROM 2011–12 TO 2015–16, BY TYPE

INCIDENT CATEGORY		2011–12	2012–13	2013–14	2014–15	2015–16
PORNOGRAPHY	NUMBER	5	14	21	12	9
	PER CENT	2%	7%	8%	5%	4%
SEXUAL HARASSMENT	NUMBER	73	57	67	88	69
	PER CENT	34%	29%	26%	34%	28%
ACT OF INDECENCY	NUMBER	71	63	74	63	85
	PER CENT	33%	33%	29%	24%	35%
SEXUAL ASSAULT	NUMBER	48	40	74	70	52
	PER CENT	22%	21%	29%	27%	21%
AGGRAVATED SEXUAL ASSAULT	NUMBER	20	20	22	28	30
	PER CENT	9%	10%	9%	11%	12%
TOTAL	NUMBER	217	194	258	261	245
	PER CENT	100%	100%	100%	100%	100%

Note: The percentages in Table 4 may not total 100 due to rounding.

SEXUAL HARASSMENT CLAIMS FINALISED IN 2015–16

The Directorate of Complaints and Resolution reported that 73 sexual harassment complaints were finalised in 2015–16. The reported incidents finalised in 2015–16 remained open for an average of 222 days ahead of an outcome being achieved. The figures in Table 5 indicate that just fewer than half of the sexual harassment complaints finalised in 2015–16 were closed in three months or less and one-quarter took longer than 12 months to reach an outcome. The time taken to close sexual harassment incidents formally reported to the Directorate of Complaints and Resolution remained consistent between 2013–14 and 2015–16.¹⁷

TABLE 5: SEXUAL HARASSMENT CASES FINALISED IN 2015–16, BY TIME TAKEN TO FINALISE

TIME OPEN	NUMBER OF CASES	PER CENT CASES FINALISED 2015–16
THREE MONTHS OR LESS	33	45%
FOUR TO SIX MONTHS	12	16%
SEVEN TO NINE MONTHS	7	10%
TEN TO 12 MONTHS	2	3%
MORE THAN 12 MONTHS	19	26%
TOTAL	73	100%

INCIDENTS ACROSS REGIONS

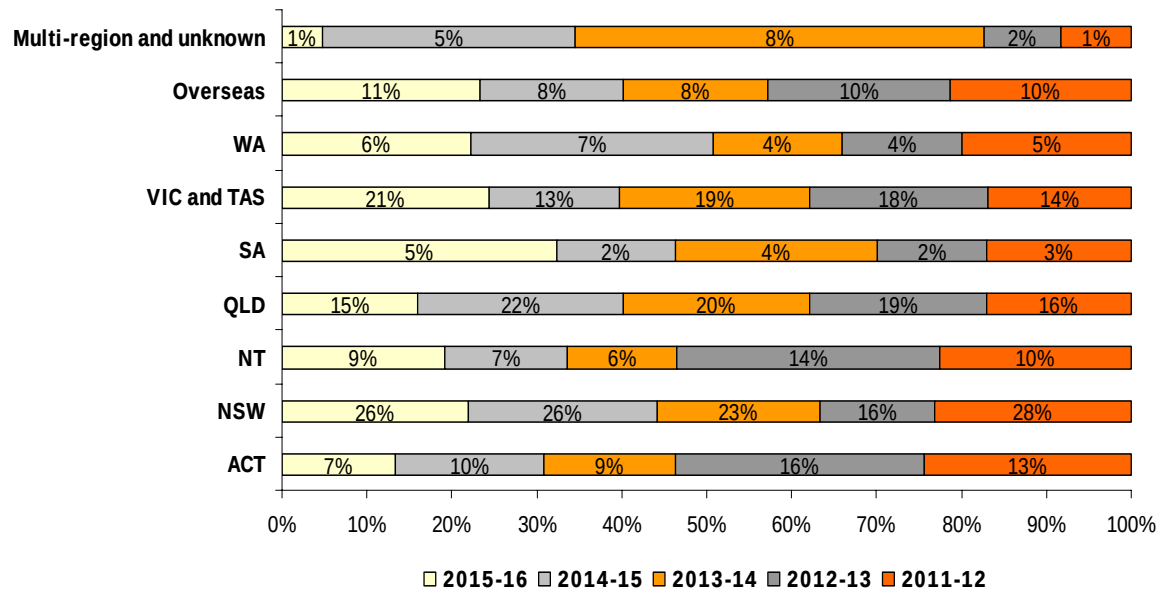
Eighty-nine per cent (n = 219) of the sexual misconduct incidents reported in 2015–16 took place in Australia. The remaining 11 per cent of the incidents reported in 2015–16 (n = 26) took place overseas on deployments, overseas postings, ships in international waters or alongside in other countries, and on training activities. The geographical distribution of sexual misconduct incidents has changed across the five financial years.¹⁸ The data in Figure 3 suggest that the proportion of incidents

¹⁷ The mean time taken to close sexual harassment complaints was consistent across the three years from 2013–14 and 2015–16 (F = 0.315; p = 0.730).

¹⁸ The distribution of formally reported incidents across Australian regions and overseas was not consistent across financial years ($\chi^2(28) = 49.907$; p = 0.007; Cramer's V = 0.105).

formally reported in Queensland decreased in 2015–16 (n = 36; 15 per cent) as reporting from Tasmania and Victoria proportionally increased (n = 51; 21 per cent).

FIGURE 3: REPORTED SEXUAL MISCONDUCT INCIDENTS BY REGION, 2011–12 TO 2015–16



Note: Data from Victoria and Tasmania are combined in Figure 3 because of the small volume of reports originating in Tasmania. The percentages in Figure 3 may not total 100 due to rounding.

Table 6 illustrates the volume of reported sexual misconduct incidents as a proportion of Defence personnel in each Australian region in June 2016. The data in Table 6 indicate that the higher reporting rates per capita in 2015–16 were in Victoria and the Northern Territory. Personnel located in Victoria constituted 13 per cent of Defence employees located in Australia in June 2016 and around one-quarter of incidents reported in 2015–16 occurred in Victoria. Five per cent of Defence personnel were located in the Northern Territory in June 2016 and 10 per cent of reports were made from the Northern Territory in 2015–16. Figure 3 indicates that reporting from the Northern Territory was lower in 2015–16 than in some previous years. The Northern Territory still had the highest number of reports per capita in 2015–16 despite the small decrease.

TABLE 6: SEXUAL MISCONDUCT INCIDENTS REPORTED IN AUSTRALIAN REGIONS PER CAPITA, 2015–16

REGION	HEADCOUNT 2016 NUMBER AND PER CENT		REPORTED INCIDENTS IN AUSTRALIA, 2015–16 NUMBER AND PER CENT		REPORTS PER CAPITA
ACT	16,987	14%	18	8%	0.11%
NSW	32,192	27%	64	29%	0.20%
NT	6,607	5%	21	10%	0.32%
QLD	31,593	26%	36	17%	0.11%
SA	8,738	7%	13	6%	0.15%
TAS	1,205	1%	0	0%	0.00%
VIC	15,549	13%	51	24%	0.33%
WA	8,484	7%	14	6%	0.17%
TOTAL	121,355	100%	217	100%	0.18%

Note: Population data were sourced from Defence's human resources reporting portal, MARS, on 23 June 2016. Table 6 does not include overseas employees or incidents because MARS data on personnel outside of Australia is restricted to overseas postings and does not include personnel on deployments, ships at sea, or on exercise.

DELAYING REPORTING AND HISTORICAL SEXUAL MISCONDUCT INCIDENT REPORTING

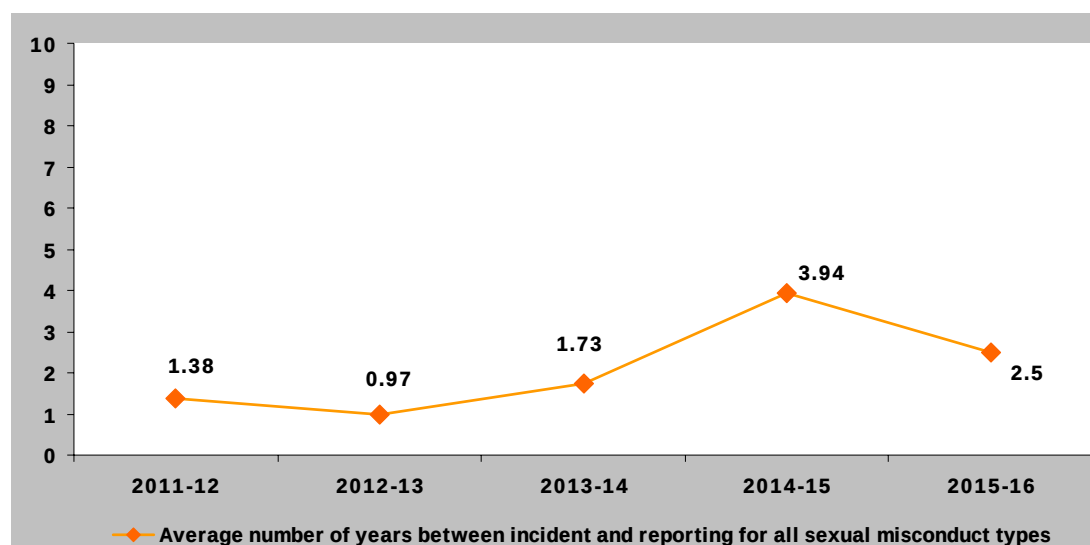
Sexual misconduct incidents reported to Defence more than 12 months after they occurred are considered historic reports by ADFIS. Almost 90 per cent of the historic incidents reported to Defence in the five years to June 30 2016 were about sexual offences against the person and 10 per cent were about sexual harassment incidents. Sixteen per cent of all sexual misconduct incidents reported in 2015–16 (n = 39) took place more than 12 months prior to being formally reported. The historic incidents reported in 2015–16 were made between two and 43 years after they occurred.

Figure 4 illustrates the changes to the average number of years between incidents and formal reporting to Defence, for all sexual misconduct categories, each year between 2011–12 and 2015–16.¹⁹ The volume of historic reports increased each year from 2011–12 to 2014–15, as did the proportion.²⁰ Historic incident reporting did not continue to increase in 2015–16.

¹⁹ The average number of years between incident and report was not consistent across financial years ($\chi^2(4) = 69.057$; $p = 0.000$).

²⁰ The proportion of sexual misconduct incident reports made about historic incidents was not consistent across financial years ($\chi^2(4) = 30.942$; $p = 0.000$; Cramer's V = 0.169).

FIGURE 4: AVERAGE NUMBER OF YEARS BETWEEN INCIDENT AND REPORTING TO DEFENCE FOR ALL SEXUAL MISCONDUCT CATEGORIES, 2011–12 TO 2015–16



The figures in Table 7 illustrate that the total number of incidents reported to Defence increased after 2012–13. Those figures show that increased historic reporting from 2013–14 onwards impacted on the overall volume of reports. Increased historic reporting accounted for two-thirds of the increase in overall reporting between 2012–13 and 2014–15. The 2013–14 financial year data showed an increased number of historic reports on previous years but also an increased number of reported current incidents. Formal reporting for all categories of current incidents appeared to peak in 2013–14 and historic reporting peaked in 2014–15.

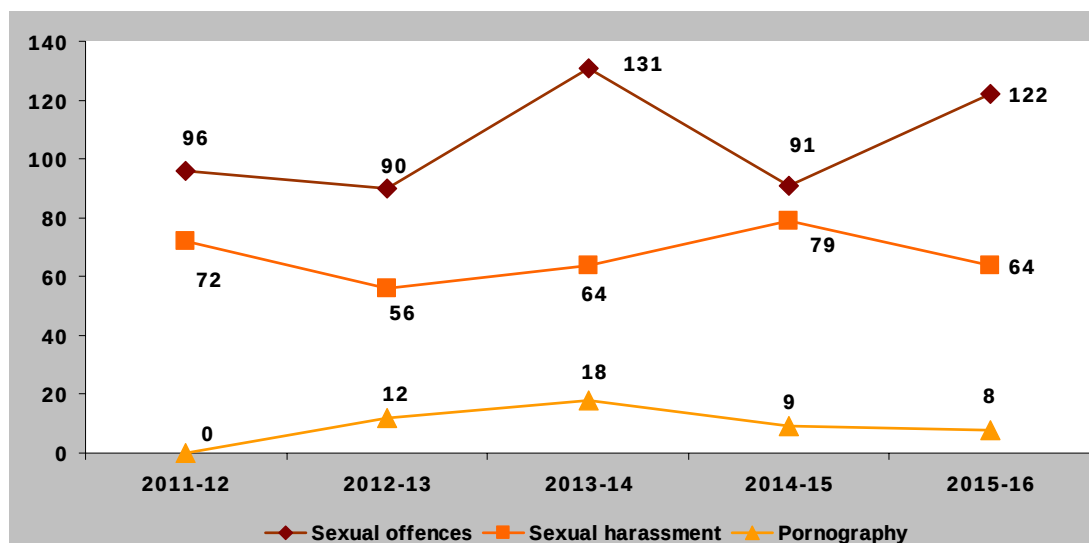
TABLE 7: CURRENT AND HISTORIC SEXUAL MISCONDUCT INCIDENT REPORTING, 2011–12 TO 2015–16

YEAR	CURRENT – ONE YEAR OR LESS		HISTORIC – MORE THAN ONE YEAR		NO RECORDED OFFENCE DATE		TOTAL	
	No.	%	No.	%	No.	%	No.	%
2015–16	194	79%	39	16%	12	5%	245	100 %
2014–15	179	69%	61	23%	21	8%	261	100 %
2013–14	213	83%	34	13%	11	4%	258	100 %
2012–13	158	81%	17	9%	19	10%	194	100 %
2011–12	168	77%	15	7%	34	16%	217	100 %

The reporting peak in 2013–14 for current incidents shown in Table 7 was the result of an increased volume of reported sexual offences. The data in Figure 5 show the number of reported current sexual harassment incidents fluctuated between 56 in 2012–13 and 79 in 2014–15 and the volume of current reported sexual offences increased to 131 from around 90 in the surrounding years.²¹

²¹ The time between sexual offences occurring and being reported to Defence changed between financial years ($\chi^2(4) = 43.492$; $p = 0.000$).

FIGURE 5: VOLUME OF CURRENT SEXUAL MISCONDUCT INCIDENT REPORTING, 2011–12 TO 2015–16



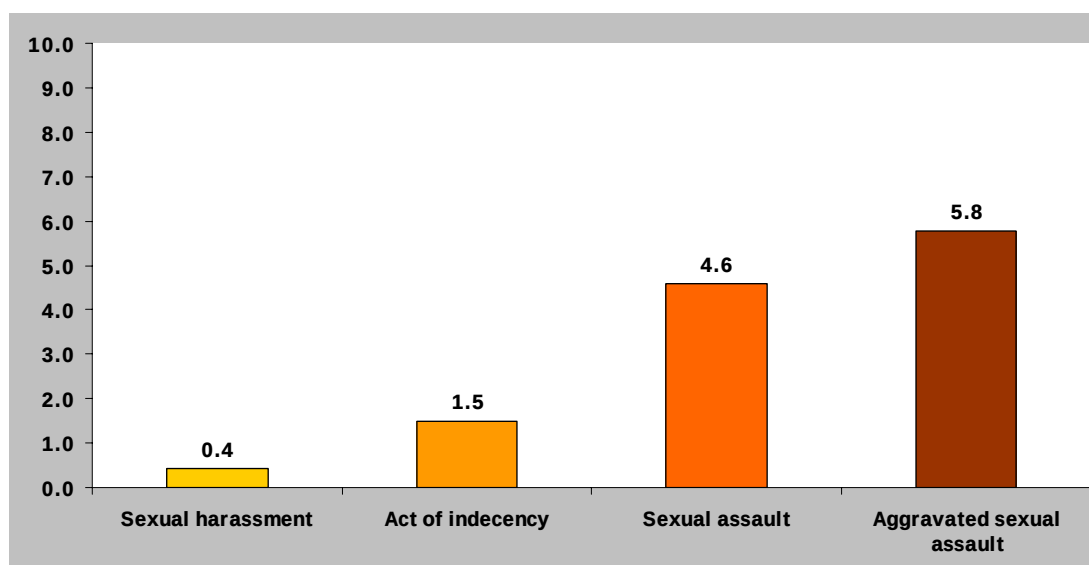
The average time between incidents and formal reporting increased from sexual harassment incidents through each type of sexual offence against the person.²² Figure 6 illustrates the time between incident and report for sexual harassment incidents, and sexual offences, reported between 1 July 2011 and June 30 2016.

Few sexual harassment incidents ($n = 15$) were reported as historical events. The average time between sexual harassment incidents taking place and reporting, across all sexual harassment incidents, was five months. Around 25 per cent of the acts of indecency reported during that five-year period ($n = 40$) were historic offences. The number of historic acts of indecency, and the delay in reporting, resulted in an average of a year and a half between offence and report. Proportionally more sexual assaults than other types of sexual misconduct incidents reported during 2011–12 and 2015–16 were historic.²³ Figure 6 illustrates that the average time between an assault and reporting increased to more than four years for sexual assaults and to six years for aggravated sexual assaults.

²² The time between incident and report differed across different types of sexual misconduct incidents against the person ($\chi^2(3) = 51.496$; $p = 0.000$).

²³ The proportion of sexual misconduct incidents reported historically was not consistent across incident type ($\chi^2(6) = 132.466$; $p = 0.000$; Cramer's $V = 0.247$).

FIGURE 6: AVERAGE NUMBER OF YEARS BETWEEN INCIDENT AND REPORT FOR SEXUAL MISCONDUCT INCIDENTS REPORTED BETWEEN 2011–12 AND 2015–16



INCIDENTS REPORTED ACROSS DEFENCE GROUPS

Reported sexual misconduct incidents have been analysed by Defence Group based on the Group responsible for managing the incident. In most cases that Group is tied to the location the incident occurred in. The Service Groups shown in the section below indicate the Defence Group where personnel worked in the organisation and not necessarily the Service of those involved.

Approximately nine out of ten reported sexual misconduct incidents (n = 229; 93 per cent) occurred in one of the three Service Groups in 2015–16. Figure 7 compares the reports made from each Service Group (as a proportion of reports from the Service Groups only) and the proportion of Service Group personnel working in each Group.

FIGURE 7: EMPLOYEE HEADCOUNT AND SEXUAL MISCONDUCT INCIDENTS REPORTED FROM SERVICE GROUPS IN 2015–16

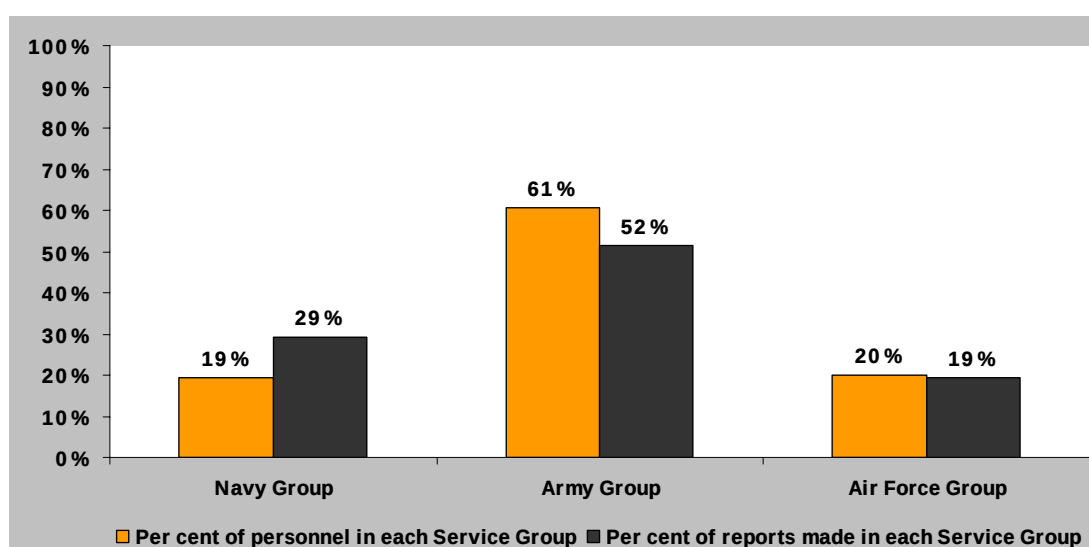
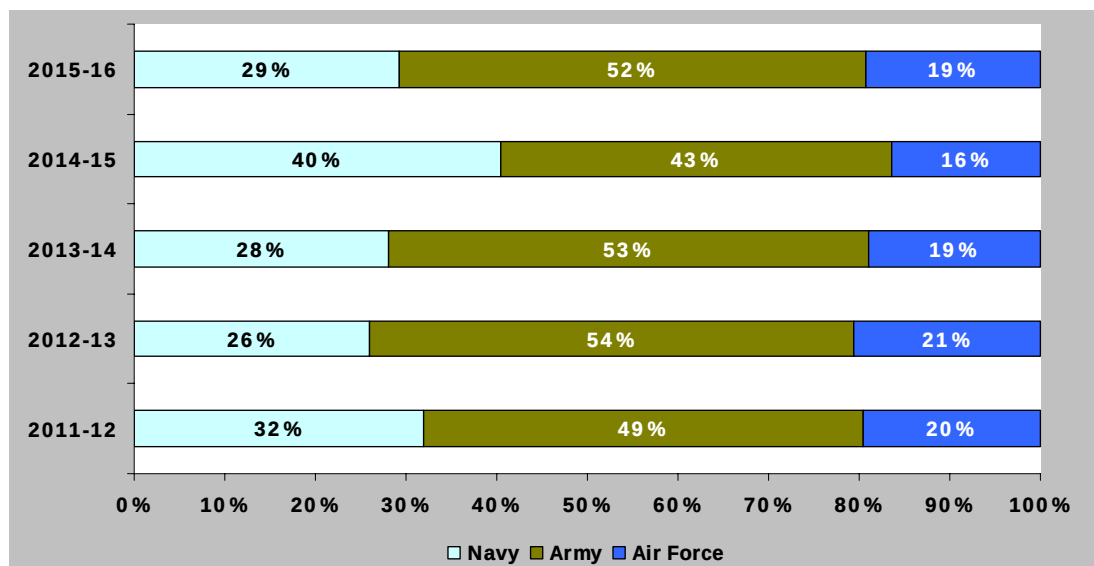


Figure 8 indicates the number of reported sexual misconduct incidents from the three Service Groups.

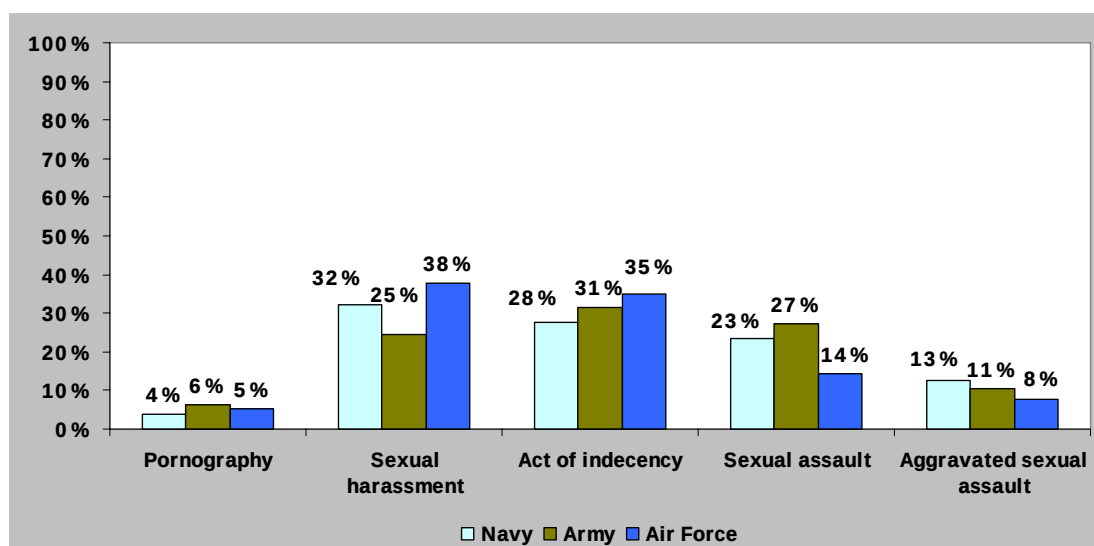
FIGURE 8: SEXUAL MISCONDUCT INCIDENTS REPORTED FROM SERVICE GROUPS, 2011–12 TO 2015–16



Note: The percentages in Figure 8 may not total 100 due to rounding.

The three Service Groups were likely to file reports about different types of sexual misconduct incidents.²⁴

FIGURE 9: REPORTED SEXUAL MISCONDUCT INCIDENTS REPORTED FROM THE SERVICE GROUPS BETWEEN 2011–12 AND 2015–16, BY TYPE



The proportion of sexual misconduct incident reports about historic incidents was similar in all three Service Groups across the five financial years from 2011–12 to 2015–16²⁵ and also when 2015–16 was considered alone.²⁶

INCIDENTS REPORTED IN TRAINING ENVIRONMENTS

²⁴ The type of sexual misconduct incidents reported between 2011–12 and 2015–16 differed across Service Groups ($\chi^2(8) = 26.552$; $p = 0.001$; Cramer's $V = 0.113$).

²⁵ The proportions of current and historic sexual misconduct reports were consistent across the Service groups between 2011–12 and 2015–16 ($\chi^2(2) = 0.328$; $p = 0.849$).

²⁶ The proportions of current and historic sexual misconduct reports were consistent across the Service groups in 2015–16 ($\chi^2(2) = 0.231$; $p = 0.891$).

Around 40 per cent of sexual misconduct reports came from Defence training environments in 2015–16 (n = 96; 39 per cent). Sexual misconduct reporting from Defence training establishments in 2015–16 involved incidents and offences between trainees, between trainees and instructors, and trainees or instructors and non-Defence civilians. The number of incidents reported from training environments in 2015–16, and the proportion of all reports originating from training environments, was consistent with the previous four financial years.²⁷

The figures in Table 8 present the number of reports made from broad categories of Defence training establishments between 2011–12 and 2015–16. The number of training establishment reports, overall, was similar across the five-year period, but the number of incidents reported from different training establishments fluctuated.²⁸ Sexual misconduct reporting from the Australian Defence Force Academy (ADFA) represented about 20 per cent of training establishment reports in most years between 2011–12 and 2014–15. ADFA reporting in 2015–16, in contrast, represented two per cent of training establishment reports. Sexual misconduct incidents from initial employment training (IET) constituted just over 40 per cent of training establishment reporting in 2015–16. The proportional change in IET reporting arose from an increase in the number of reports made in these establishments and the dramatic decrease in incident reporting at ADFA.

TABLE 8: SEXUAL MISCONDUCT INCIDENT REPORTING FROM DEFENCE TRAINING ESTABLISHMENTS, 2011–12 TO 2015–16, BY TRAINING TYPE

FINANCIAL YEAR		INITIAL EMPLOYMENT TRAINING	ADFA	INITIAL RECRUIT TRAINING	INITIAL OFFICER TRAINING	CATEGORY AND PROMOTION COURSE OR EXERCISE	TOTAL TRAINING ESTABLISHMENT
2015–16	NUMBER	39	2	22	13	20	96
	PER CENT	41%	2%	23%	14%	21%	100%
2014–15	NUMBER	26	21	17	11	23	98
	PER CENT	27%	21%	17%	11%	24%	100%
2013–14	NUMBER	26	11	16	10	26	89
	PER CENT	29%	12%	18%	11%	29%	100%
2012–13	NUMBER	14	11	5	10	30	70
	PER CENT	20%	16%	7%	14%	43%	100%
2011–12	NUMBER	17	14	17	10	20	78
	PER CENT	22%	18%	22%	13%	26%	100%
TOTAL	NUMBER	122	59	77	54	119	431
	PER CENT	28%	14%	18%	13%	28%	100%

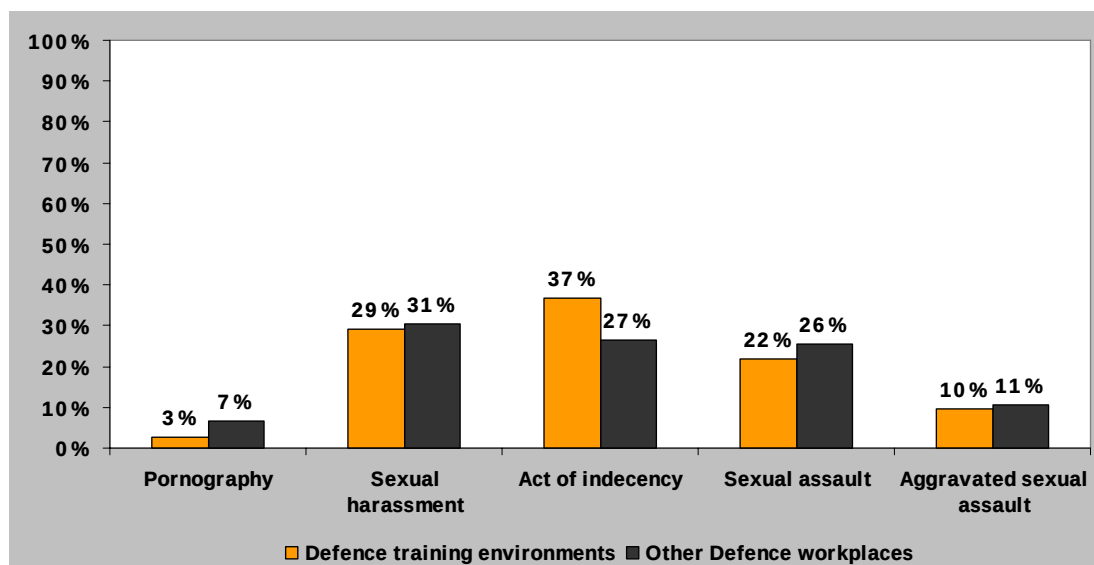
Note: The percentages in Table 8 may not total 100 due to rounding.

²⁷ The proportion of sexual misconduct reports made from training environments was consistent across financial years ($\chi^2(4) = 1.356$; $p = 0.852$).

²⁸ The proportions of sexual misconduct reports coming from different types of training establishments was not consistent over time ($\chi^2(16) = 39.614$; $p = 0.001$; Cramer's $V = 0.150$).

Defence training environments made reports about different types of sexual misconduct incidents to other Defence workplaces between 2011–12 and 2015–16.²⁹ The trend data in Figure 10 indicate that training establishment reporting over the five-year period was more likely to be about acts of indecency, and less likely to be about sexual assaults and aggravated sexual assaults, than reporting from other Defence workplaces. The proportions of reports that were about all types of sexual offences against the person combined, however, were consistent inside and outside of Defence training environments between 2011–12 and 2015–16.³⁰

FIGURE 10: SEXUAL MISCONDUCT INCIDENTS REPORTED FROM DEFENCE TRAINING ENVIRONMENTS AND OTHER DEFENCE WORKPLACES FROM 2011–12 TO 2015–16, BY TYPE



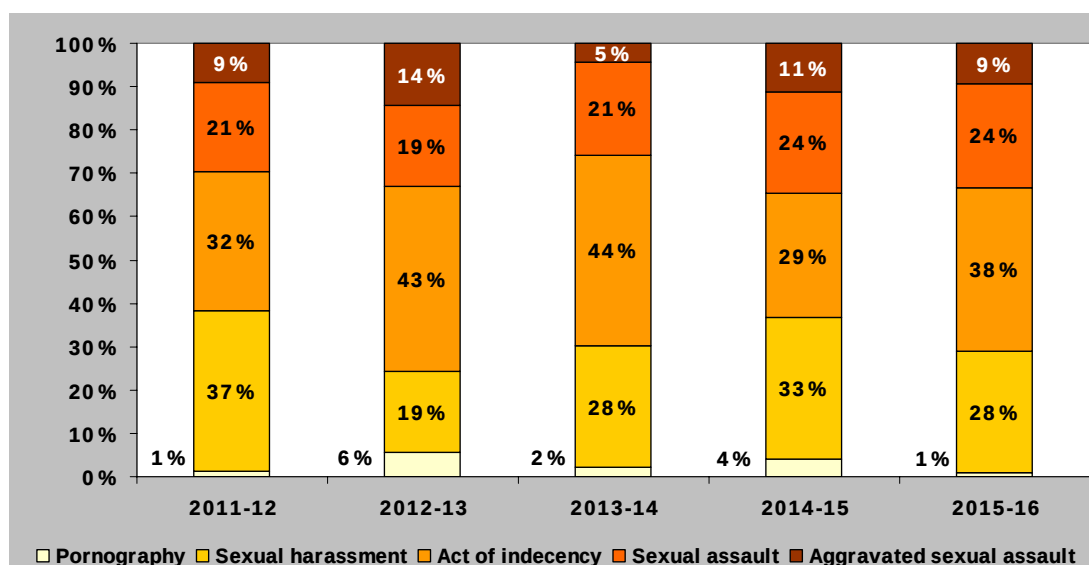
Note: The percentages in Figure 10 do not total 100 due to rounding.

The trend data shown in Figure 11 suggest that the type of reports made from training environments fluctuated across financial years.

²⁹ The proportion of incidents in each sexual misconduct category reported from inside training establishments from 2011–12 to 2015–16 differed from those from other Defence workplaces ($\chi^2(4) = 18.765$; $p = 0.126$).

³⁰ The proportions of sexual misconduct reports about sexual offences against the person between 2011–12 and 2015–16 were consistent inside and outside Defence training environments ($\chi(1) = 3.246$; $p = 0.072$).

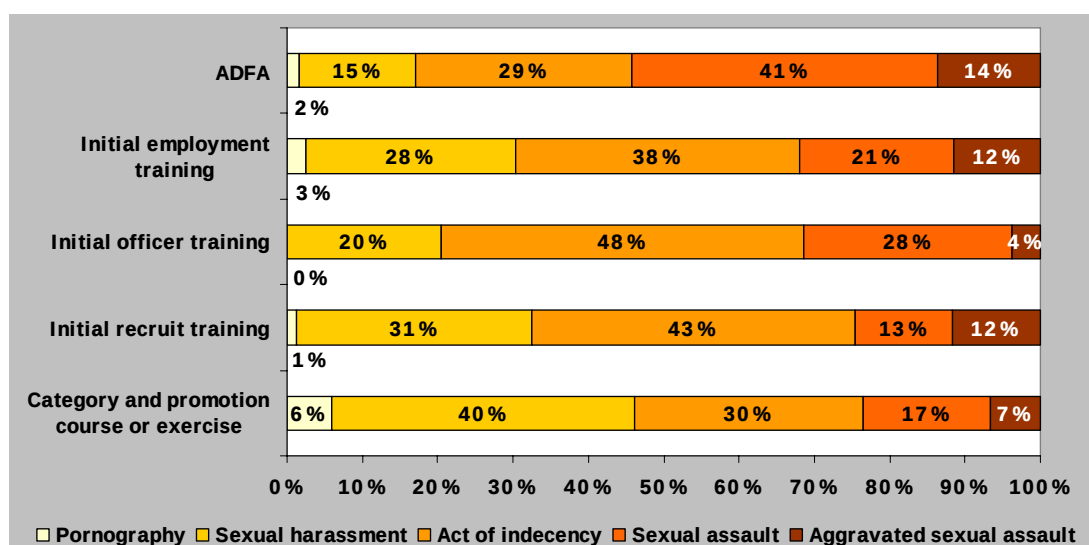
FIGURE 11: SEXUAL MISCONDUCT INCIDENTS REPORTED FROM TRAINING ENVIRONMENTS, 2011–12 TO 2015–16, BY TYPE



Note: The percentages in Figure 11 may not total 100 due to rounding.

The sexual misconduct reports made from ADFA, initial officer training, initial recruit training, initial employment training, promotion and category courses, and on exercise differed when the data from 2011–12 to 2015–16 were examined together.³¹ The data in Figure 12 illustrate that pornography reports were very low across all types of Defence training environments.

FIGURE 12: SEXUAL MISCONDUCT INCIDENTS REPORTED FROM DEFENCE TRAINING ENVIRONMENTS FROM 2011–12 TO 2015–16, BY TYPE



Note: The percentages in Figure 12 may not total 100 due to rounding.

³¹ The type of sexual misconduct reported differed between types of training establishments ($\chi^2(12) = 34.895$; $p = 0.000$; Cramer's $V = 0.167$).

VICTIMS AND PERPETRATORS OF FORMALLY REPORTED SEXUAL MISCONDUCT INCIDENTS

- Approximately eight out of ten victims of all reported sexual misconduct incidents in 2015–16 were females. The proportion of female victims was consistent across all three Service Groups.
- Forty-five per cent of incidents with male victims were historic. Nine per cent of incidents with female victims were historic.
- Almost all perpetrators in sexual misconduct incidents reported in 2015–16 were males.
- Victims were, on average, younger and less senior than perpetrators.

DEFENCE VICTIMS AND DEFENCE PERPETRATORS

The 245 sexual misconduct incident reports Defence received in 2015–16 involved 264 victims and 284 perpetrators. Most incidents involved a single victim (n = 200) and were perpetrated by a single person (n = 219). Sexual harassment incidents and acts of indecency were the most common types of reported incidents with multiple victims and perpetrators.

A total of 40 victims of sexual misconduct incidents reported in 2015–16 were civilians from outside Defence. Table 9 indicates that incidents that involved Defence perpetrators and non-Defence civilians were most likely to be sexual offences against the person.

TABLE 9: DEFENCE AND NON-DEFENCE VICTIMS OF SEXUAL MISCONDUCT INCIDENTS REPORTED IN 2015–16, BY TYPE

	DEFENCE VICTIM		NON-DEFENCE VICTIM OR UNKNOWN	
	NUMBER	PER CENT	NUMBER	PER CENT
SEXUAL HARASSMENT	67	36%	1	3%
ACT OF INDECENCY	68	37%	15	38%
SEXUAL ASSAULT	33	18%	13	33%
AGGRAVATED SEXUAL ASSAULT	17	9%	11	28%
TOTAL	185	100 %	40	100 %

Note: The data in Table 9 does not include n = 20 incidents where the administrative data contained no victim details or the offence was not targeted at a specific victim, such as pornography offences.

Almost all of the sexual misconduct incidents reported to Defence in 2015–16 were perpetrated by Defence personnel. Table 10 indicates that there were 12 reported sexual offences that involved a Defence victim and a non-Defence perpetrator.

TABLE 10: DEFENCE AND NON-DEFENCE PERPETRATORS OF SEXUAL MISCONDUCT INCIDENTS REPORTED IN 2015–16, BY TYPE

	DEFENCE PERPETRATOR		NON-DEFENCE PERPETRATOR OR UNKNOWN	
	NUMBER	PER CENT	NUMBER	PER CENT
PORNOGRAPHY	9	4%	0	0%
SEXUAL HARASSMENT	69	30%	0	0%
ACT OF INDECENCY	81	35%	3	25%
SEXUAL ASSAULT	42	18%	8	67%
AGGRAVATED SEXUAL ASSAULT	29	13%	1	8%
TOTAL	230	100 %	12	100 %

Note: The data in Table 10 does not include n = 3 incidents where the administrative data contained no perpetrator details.

Almost 80 per cent of the 264 identified victims of incidents reported in 2015–16 were females. Table 11 indicates that 33 sexual misconduct victims in incidents reported in 2015–16 were males and that the administrative data did not record the gender of the remaining 22 victims. The proportion of reported incidents with at least one male victim involved was consistent across financial years.³² Thirteen per cent of incidents reported in 2015–16 (n = 32) involved the 33 male victims shown in Table 11. The 209 females shown in Table 11 were victims in 71 per cent of the reported incidents (n = 174). One incident had both male and female victims.

TABLE 11: VICTIMS OF SEXUAL MISCONDUCT REPORTED IN 2015–16, BY GENDER

VICTIM GENDER	NUMBER	PER CENT VICTIMS
MALE VICTIMS	33	13%
FEMALE VICTIMS	209	79%
GENDER UNKNOWN	22	8%
TOTAL	264	100 %

Female victimisation was consistent across the Service Groups and over the five-year period. The proportion of incidents reported from the Service Groups between 2011–12 and 2015–16 with at least one female victim was consistent across the three Groups.³³ The proportion of incidents from the Service Groups with at least one female victim also did not vary between financial years.³⁴

The trend data in Figure 13 illustrate that the distribution of incidents with a male victim across the Service Groups was not stagnant across financial years.³⁵ There were too few incidents with male victims reported from some Service Groups to robustly test for changes although Figure 13 indicates a spike in reporting for incidents with male victims in 2014–15.

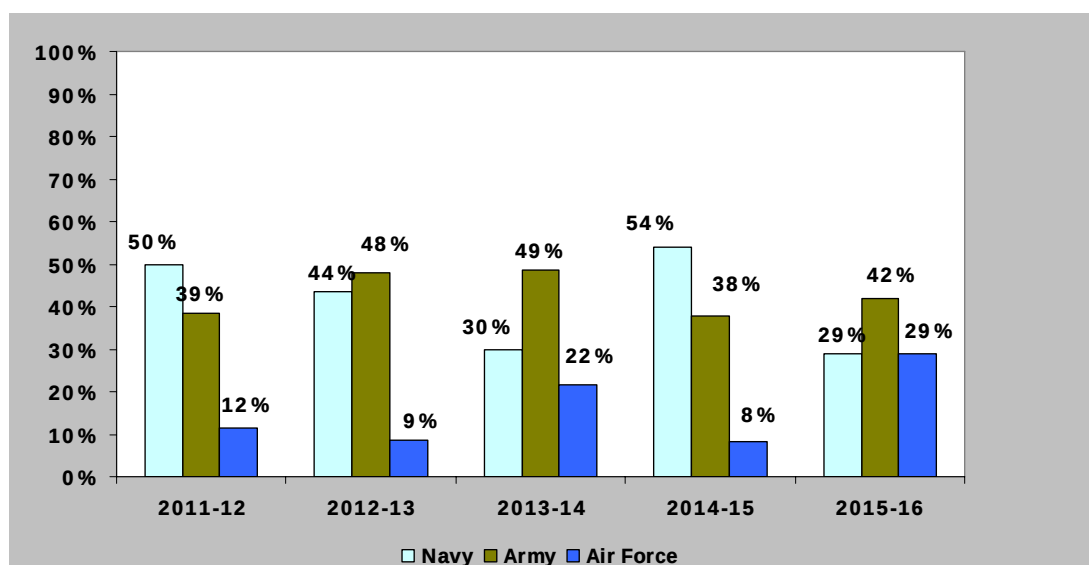
³² The proportion of incidents reported with at least one male victim was consistent across financial years ($\chi^2(4) = 2.835$; $p = 0.586$).

³³ The proportion of incidents reported between 2011–12 and 2015–16 with at least one female victim was consistent across the Service Groups ($\chi^2(2) = 4.512$; $p = 0.105$).

³⁴ The proportion of incidents with female victims reported from each Service Group was consistent over time ($\chi^2(8) = 5.012$; $p = 0.756$).

³⁵ There were too few incidents with at least one male victim to test for change in the proportion of incidents with a male victim in each Service Group.

FIGURE 13: SEXUAL MISCONDUCT INCIDENTS WITH AT LEAST ONE MALE VICTIM REPORTED FROM THE SERVICE GROUPS, 2011–12 TO 2015–16



Note: The percentages in Figure 13 may not total 100 due to rounding.

There were too few reported incidents that involved male victims to identify whether the type of incidents had significantly changed between 2011–12 and 2015–16. The trend data in Table 12 indicate small variations in the number of specific types of incidents that involved male victims between years.

TABLE 12: SEXUAL MISCONDUCT INCIDENTS WITH AT LEAST ONE MALE VICTIM REPORTED BETWEEN 2011–12 AND 2015–16, BY TYPE

	PORNOGRAPHY		SEXUAL HARASSMENT		ACT OF INDECENCY		SEXUAL ASSAULT		AGGRAVATED SEXUAL ASSAULT		TOTAL	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
2011–12	0	0%	10	35%	10	35%	4	14%	5	17%	29	100%
2012–13	0	0%	6	25%	10	42%	5	21%	3	13%	24	100%
2013–14	2	5%	7	18%	19	48%	8	20%	4	10%	40	100%
2014–15	1	2%	11	24%	16	35%	12	26%	6	13%	46	100%
2015–16	0	0%	3	9%	16	50%	7	22%	6	19%	32	100%
TOTAL	3	2%	37	22%	71	42%	36	21%	24	14%	171	100%

Historic reporting accounts for a lot of the increased volume of sexual misconduct incidents reported to Defence each year after 2012–13. Incidents that involved male victims, in particular, made up much of that change. Table 13 indicates the number of historic sexual misconduct incidents reported each financial year by victim gender.

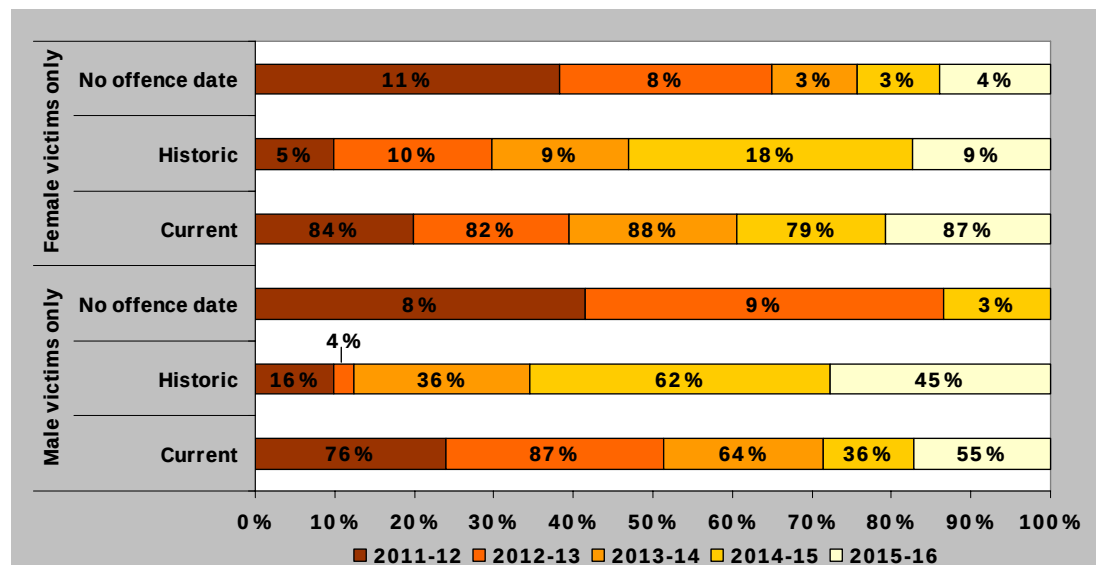
TABLE 13: MALE AND FEMALE VICTIMS IN HISTORIC SEXUAL MISCONDUCT INCIDENTS REPORTED BETWEEN 2011–12 AND 2015–16

FINANCIAL YEAR	ONLY MALE VICTIMS		ONLY FEMALE VICTIMS	
	NUMBER	PER CENT	NUMBER	PER CENT
2011–12	4	33%	8	67%
2012–13	1	7%	13	93%
2013–14	13	48%	14	52%
2014–15	24	44%	30	56%
2015–16	14	48%	15	52%
TOTAL	56	41 %	80	59 %

Note: The data for n = 30 historic incidents reported between 2011–12 and 2015–16 did not report a gender for the victim or did not contain any victim information.

The proportion of current and historic incidents with male victims changed over the five years between 2011–12 and 2015–16.³⁶ The data in Figure 14 indicate that historic reporting made up less than 20 per cent of incidents reported with male victims in 2011–12 and 2012–13 but constituted almost two-thirds of reports made with male victims in 2014–15. Historic reporting also fluctuated for incidents that involved female victims over the same time frame but did not reach more than 20 per cent of reported incidents.³⁷

FIGURE 14: CURRENT AND HISTORIC REPORTING FOR SEXUAL MISCONDUCT INCIDENTS REPORTED BETWEEN 2011–12 AND 2015–16 WITH MALE AND FEMALE VICTIMS



Note: The percentages in Figure 14 may not total 100 due to rounding.

Very few perpetrators in reported sexual misconduct incidents over the five years between 2011–12 and 2015–16 were females. More than 85 per cent of the 281 perpetrators of sexual misconduct incidents reported in 2015–16 were males (n = 219; 86 per cent). Five per cent of the perpetrators were identified as females

³⁶ Historic reporting for incidents with male victims was not consistent across financial years ($\chi^2(4) = 25.028$; $p = 0.000$; Cramer's $V = 0.410$).

³⁷ Historic reporting for incidents with female victims was not consistent across financial years ($\chi^2(4) = 15.267$; $p = 0.004$; Cramer's $V = 0.143$).

(n = 14) and the data for the remaining nine per cent did not indicate a gender (n = 26).

Nine of the incidents perpetrated by females were committed against female victims (n = 9; 64 per cent), four were perpetrated against males (n = 4; 29 per cent), and one incident did not record a victim gender.

Females perpetrated too few sexual misconduct incidents to robustly test whether the type of incidents reported with male and female perpetrators differed. Table 14 indicates the number of each type of sexual misconduct incidents reported to Defence between 2011–12 and 2015–16 perpetrated by females. Half of all incidents perpetrated by females in that five-year period were sexual harassment incidents and 39 per cent were acts of indecency. No aggravated sexual assaults with a female perpetrator were reported to Defence in that time frame.

TABLE 14: SEXUAL MISCONDUCT INCIDENTS REPORTED FROM 2011–12 TO 2015–16 WITH FEMALE PERPETRATORS, BY TYPE

	PORNOGRAPHY		SEXUAL HARASSMENT		ACT OF INDECENCY		SEXUAL ASSAULT		TOTAL	
	No.	%	No.	%	No.	%	No.	%	No.	%
2011–12	0	0%	4	100%	0	0%	0	0%	4	100%
2012–13	1	20%	2	40%	2	40%	0	0%	5	100%
2013–14	0	0%	3	30%	6	60%	1	10%	10	100%
2014–15	0	0%	1	17%	3	50%	2	33%	6	100%
2015–16	0	0%	10	71%	4	29%	0	0%	14	100%
TOTAL	1	3 %	20	51 %	15	39 %	3	8 %	39	100 %

POWER AND VULNERABILITY

One hundred and seventy-six of the 245 sexual misconduct incidents reported to Defence in 2015–16 took place with a single perpetrator and victim. The demographic data available on both victims and perpetrators in those incidents, as well as on average across all incidents, suggested that victims tended to be younger and less senior than perpetrators. The figures in Tables 15 and 16 indicate that the perpetrators were older and more senior in rank to victims in about half of the single victim and single perpetrator incidents reported in 2015–16.

TABLE 15: RELATIVE AGES IN SINGLE VICTIM AND PERPETRATOR INCIDENTS REPORTED IN 2015–16

	NUMBER	PER CENT
VICTIM WAS IN AN OLDER AGE GROUP	4	3%
VICTIM AND PERPETRATOR IN THE SAME AGE GROUP	50	41%
PERPETRATOR WAS IN AN OLDER AGE GROUP	67	55%
TOTAL	121	100 %

Note: Table 15 does not include incidents with more than one victim and perpetrator or incidents without age demographic data.

TABLE 16: RELATIVE RANKS IN SINGLE VICTIM AND PERPETRATOR INCIDENTS REPORTED IN 2015–16

	NUMBER	PER CENT
VICTIM WAS SENIOR	10	10%
VICTIM AND PERPETRATOR SAME RANK	41	41%
PERPETRATOR WAS SENIOR	50	50%
TOTAL	101	100 %

Note: Table 16 does not include incidents with more than one victim and perpetrator or incidents without rank demographic data.

The same age and rank relationship was apparent across the combined data from 2011–12 to 2015–16. The perpetrator was older than the victim in 57 per cent of single victim and perpetrator incidents ($n = 199$) and more senior in rank in 48 per cent of incidents ($n = 214$). Single victim and perpetrator incidents reported from Defence training establishments were more likely to have taken place between victims and perpetrators in the same age group³⁸ and at the same rank.³⁹ Around 60 per cent of single victim and perpetrator incidents reported from other Defence workplaces showed an older and more senior perpetrator than their victim.

The figures in Tables 17 and 18 illustrate the age distributions of all victims and all perpetrators in sexual misconduct incidents reported in 2015–16. The average age of perpetrators in reported sexual misconduct incidents in 2015–16 was older than the average of victims.⁴⁰ More than half of all victims in reported incidents in 2015–16 were 25 years old or younger. Twenty-six per cent of perpetrators, in contrast, were aged 25 years or younger.

³⁸ The relative ages of victims and perpetrators differed for incidents reported from inside and outside Defence training establishments between 2011–12 and 2015–16 ($\chi^2(2) = 10.258$; $p = 0.006$; Cramer's $V = 0.171$).

³⁹ The relative ranks of victims and perpetrators differed for incidents reported from inside and outside Defence training establishments between 2011–12 and 2015–16 ($\chi^2(2) = 32.275$; $p = 0.000$; Cramer's $V = 0.268$).

⁴⁰ The average age of perpetrators in 2015–16 reported sexual misconduct incidents was higher than the average age of victims ($Z = -7.663$; $p = 0.000$). Average ages were calculated on Victim 1 and Perpetrator 1 across all 245 incidents.

TABLE 17: VICTIMS OF INCIDENTS REPORTED IN 2015–16, BY AGE GROUP

AGE GROUP	NUMBER OF VICTIMS	PER CENT 2015–16 VICTIMS
UNDER 18	21	8%
18 TO 25	118	45%
26 TO 30	35	13%
31 TO 35	15	6%
36 TO 40	7	3%
41 TO 45	13	5%
46 TO 50	10	4%
51 TO 55	9	3%
56 TO 60	1	0%
OVER 60	2	1%
UNKNOWN AGE	33	13%
TOTAL	264	100 %

Note: There were 245 incidents reported in 2015–16, with 264 victims identified, and 281 perpetrators identified.

TABLE 18: PERPETRATORS OF INCIDENTS REPORTED IN 2015–16, BY AGE GROUP

AGE GROUP	NUMBER OF PERPETRATORS	PER CENT 2015–16 PERPETRATORS
UNDER 18	6	2%
18 TO 25	68	24%
26 TO 30	37	13%
31 TO 35	21	7%
36 TO 40	33	12%
41 TO 45	25	9%
46 TO 50	15	5%
51 TO 55	22	8%
56 TO 60	5	2%
OVER 60	6	2%
UNKNOWN AGE	43	15%
TOTAL	281	100 %

Note: There were 245 incidents reported in 2015–16 with 264 victims identified and 281 perpetrators identified.

Almost half of the victims in sexual misconduct incidents reported in 2015–16 were Officer Cadet, Private, and Recruit equivalents, or Cadets (n = 115; 44 per cent). The data in Table 19 illustrate a concentration of perpetrators in those ranks (n = 75; 27 per cent) albeit smaller than the volume of victims in those ranks.

The figures in Tables 19 and 20 show 12 per cent of all victims (n = 32), and 20 per cent of perpetrators (n = 56), were identified as officers (excluding Officer Cadets). Warrant Officer equivalent personnel comprised an additional eight per cent of perpetrators (n = 22).

TABLE 19: VICTIMS OF INCIDENTS REPORTED IN 2015–16, BY RANK

RANK EQUIVALENT	NUMBER OF VICTIMS	PER CENT 2015–16 VICTIMS
CADET	7	3%
RECRUIT	28	11%
PRIVATE	68	26%
LANCE CORPORAL	22	8%
CORPORAL	24	9%
SERGEANT	4	2%
WARRANT OFFICER CLASS 2	1	0%
WARRANT OFFICER CLASS 1	1	0%
OFFICER CADET	12	5%
SECOND LIEUTENANT	2	1%
LIEUTENANT (ARMY)	12	5%
CAPTAIN (ARMY)	6	2%
MAJOR	12	5%
LIEUTENANT COLONEL	0	0%
COLONEL	0	0%
UNKNOWN OR EXTERNAL	65	25%
TOTAL	264	100 %

TABLE 20: PERPETRATORS OF INCIDENTS REPORTED IN 2015–16, BY RANK

RANK EQUIVALENT	NUMBER OF PERPETRATORS	PER CENT 2015–16 PERPETRATORS
CADET	5	2%
RECRUIT	16	6%
PRIVATE	46	16%
LANCE CORPORAL	39	14%
CORPORAL	34	12%
SERGEANT	24	9%
WARRANT OFFICER CLASS 2	13	5%
WARRANT OFFICER CLASS 1	9	3%
OFFICER CADET	8	3%
SECOND LIEUTENANT	0	0%
LIEUTENANT (ARMY)	13	5%
CAPTAIN (ARMY)	12	4%
MAJOR	15	5%
LIEUTENANT COLONEL	14	5%
COLONEL	2	1%
UNKNOWN OR EXTERNAL	31	11%
TOTAL	281	100 %

SUMMARY

PREVALENCE AND REPORTING

Five years of formally reported incident data illustrated an increased number of sexual misconduct incidents reported to Defence after 2012–13. The volume of incidents reported to Defence in the three years from 2013–14 to 2015–16 fluctuated but did not show major change. The increased number of sexual misconduct incidents reported from 2013–14 onwards was the result of increased numbers of reported sexual assaults and aggravated sexual assaults. Less than 70 penetrative sexual offences were reported to Defence in 2011–12 and 2012–13. Defence received reports about 96 penetrative sexual offences in 2013–14, 98 penetrative offences in 2014–15, and 82 penetrative offences in 2015–16. Sexual assaults were proportionally higher in 2014–15 than in other years. The increased number of reported penetrative sexual offences in those years, and the increased number of acts of indecency, were not in themselves very large but were statistically significant.

Changes in the volume of incidents reported to Defence can indicate changes in incident prevalence, changes to cultural factors driving reporting, or to administrative processes and other variables. The formally reported incident data suggested that there were different things driving changes in formally reported figures for each year from 2013–14 onwards. There was a spike in the number of current sexual offences reported to Defence in 2013–14. The number of reports in 2014–15, in contrast, came with a spike in historic reporting for sexual offences. Those increases in current and historic reports took place alongside some significant events in Defence's Pathway to Change initiative. The time line of events, changes to ADF investigation practices, and the increased visibility of historic incidents that came with the Defence Abuse Response Taskforce likely drove those increases in current and historic reports at different times.

The 2015–16 formally reported sexual offences data is similar to the data from 2013–14 although there appears to be more reported acts of indecency and fewer sexual assaults. Sixteen fewer penetrative sexual offences were reported in 2015–16 than the year before. Much of the difference in the number of sexual offences reported to Defence between these two years was the dramatic decrease in reporting from ADFA. Formally reported incident data is unable to indicate whether the 90 per cent fall in reporting from ADFA reflected changes in reporting culture, a reduction in genuine prevalence, or something else.

SERVICES AND SERVICE GROUPS

Personnel in the Navy and Air Force Groups each made up 20 per cent of Defence Service Group personnel in 2016. Army Group personnel were the remaining 60 per cent. Formal incident reporting from the Service Groups more closely reflected that population distribution than in recent years. Navy Group made 28 per cent of formal reports in 2015–16, Army Group made 48 per cent of reports, and 18 per cent of reports came from Air Force Group. There was a spike in reporting from Navy Group reporting in the previous year that did not continue into 2015–16.

SeMPRO collects client data and reports on Service, and not Service Groups, although there is a large overlap between individual Service and Defence Service Group. SeMPRO's client distribution for victim services clients and incident management advice clients was similar to the spread of formally reported incidents across the Service Groups for the Navy and Air Force. SeMPRO had fewer Army

clients than might be expected based on the formal reporting from Army Group. Navy members made up 28 per cent of all victim services clients and 24 per cent of all incident management clients. Army members were 36 per cent of victim services clients and 31 per cent of incident advice clients. Air Force members were 9 per cent of victim services clients and 18 per cent of incident advice clients. The changes in SeMPRO use across the Services over time were not significant but there was a spike in Navy members accessing victim services in 2014–15.

GENDER

Sexual misconduct victimisation in Defence between 2011–12 and 2015–16 was most commonly perpetrated by males against females. Females comprised 19 per cent of the Defence population, 15 per cent of personnel in the Services, 79 per cent of all victims in sexual misconduct incidents in 2015–16, and 82 per cent of Defence personnel who were victims in sexual misconduct incidents in that year. The gender distribution among victims was unchanged across the five years.

Males were vastly underrepresented as victims in reported sexual misconduct incidents given their representation in the Defence population. Males were 13 per cent of victims in formally reported incidents in 2015–16. Males made up more of SeMPRO's victim services clients than might be expected based on formal reporting. One-quarter of victim services clients were males in 2015–16.

Males were more likely than females to be victims in formally reported historic incidents. Historic reporting was not as high in 2015–16 as it was in 2014–15 but historic incident reporting with male victims was still much higher than female victims. Nine per cent of incidents with female victims reported in 2015–16 were historic whereas 45 per cent of the formally reported incidents with male victims in 2015–16 were historic.

Males seeking victim services from SeMPRO were also more likely to have sought assistance with an historic sexual offence or incident than female victim services clients. One-third of male victim services clients sought help with historic experiences whereas 21 per cent of female victims services clients spoke about historic offences.

The absence of males from current reporting is difficult to interpret with any certainty. The increased historic reporting to Defence encompassed many male victims, and males continued to comprise one-third of SeMPRO's victim services clients, suggesting that Defence's efforts to reach victims reluctant to disclose their experiences continued to have some impact into 2015–16.

Reported historic incidents that stemmed from the Defence Abuse Response Taskforce trickled to ADFIS over the period of the taskforce's operation. The taskforce wound down completely in 2015–16. Defence could anticipate a fall in historic formal reports but not necessarily one matched with a dramatic fall in SeMPRO contact about historic incidents.

SEMPRO SERVICE USE

SeMPRO provided more complex services in 2015–16 than earlier years. SeMPRO victim support clients were more likely to have sought assistance with very recent sexual offences and incidents in 2015–16 than in earlier years. Current incidents comprised just over half of the victim services clients' needs in 2015–16. Previous years had a proportionally bigger loading for historic incidents.

Cases where SeMPRO provided services to multiple clients about a single event as victim services, debriefing, command advice, and incident management advice became more common in 2015–16. Incident management advice, irrespective of whether victim services were also provided, comprised almost half of SeMPRO's client base in 2015–16. SeMPRO moved more towards a service contacted by ADFIS, contacted by victims reporting to ADFIS, and contacted by Defence personnel on hearing an incident report in the last financial year.