

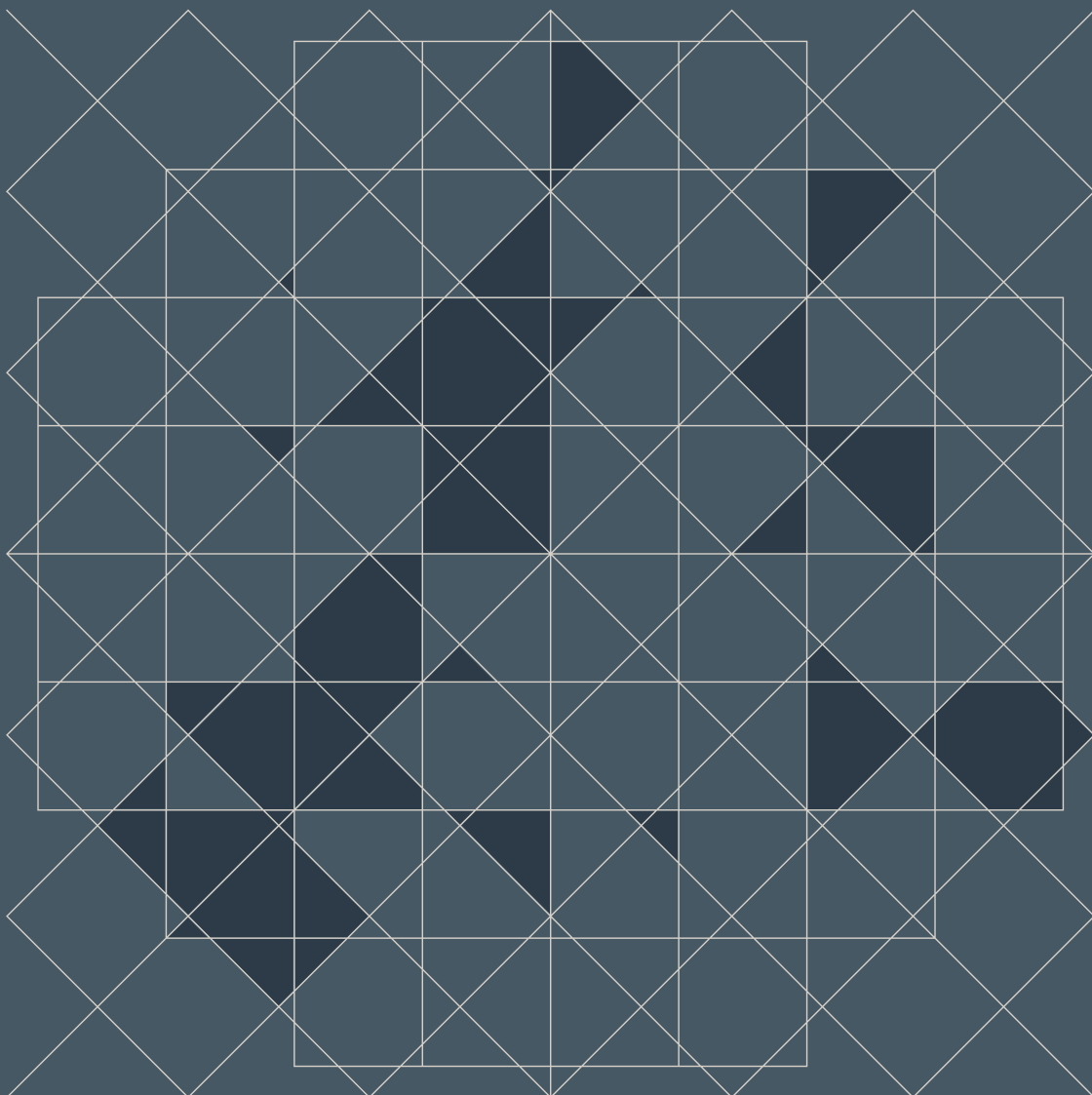


Australian Government

Defence

2021–22

Annual Report



Acknowledgement of country

Defence acknowledges the Traditional Custodians of the lands, seas and air in which we live, work and train. We pay our respects to their Elders past and present. We also pay our respects to the Aboriginal and Torres Strait Islander men and women who have contributed to the defence of Australia in times of peace and war.

Contacts



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The report should be attributed as the *Defence Annual Report 2021–22*.

Internet

The Department of Defence website at 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 and www.transparency.gov.au.

Aids to access

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Defence at a glance

Our Mission and Purpose

Defence's Mission and Purpose is to defend Australia and its national interests in order to advance Australia's security and prosperity.

Strategy

Australia's strategic circumstances are as complex as they have been since the end of World War II. Intensifying strategic competition in our region, the war in Ukraine, growing climate risks, and enduring pandemic impacts continue to complicate our strategic environment. Defence continues to implement the *2020 Defence Strategic Update*, a strategic policy framework that signals Australia's ability and willingness to project military capability to deter actions against us. The *2020 Defence Strategic Update* sets out Defence's strategic objectives to deploy military power to shape Australia's strategic environment; deter actions against our interests; and, when required, respond with credible military force.

To ensure we can deliver these objectives in a changing strategic environment, Defence uses the Strategy Framework to keep its policy settings under regular review. A Force Posture Review has also commenced to ensure Defence has the right capabilities and enabling support for meeting expanding strategic challenges. Within Defence, we use the annual classified *Defence Planning Guidance* to direct planning processes across the enterprise.

Portfolio structure

As at 30 June 2022, the Defence portfolio consisted of:

- the Department of Defence (including the Australian Defence Force);
- the Australian Signals Directorate;
- trusts and companies;
- statutory offices created by the *Defence Force Discipline Act 1982* and the *Defence Act 1903*; and
- the Department of Veterans' Affairs and its associated bodies.

Responsible ministers

As at 30 June 2022, the Defence portfolio had four ministers:

- the Hon Richard Marles MP, Deputy Prime Minister and Minister for Defence;
- the Hon Pat Conroy MP, Minister for Defence Industry and Minister for International Development and the Pacific;
- the Hon Matt Keogh MP, Minister for Veterans' Affairs and Minister for Defence Personnel; and
- the Hon Matt Thistlethwaite MP, Assistant Minister for Defence and Assistant Minister for Veterans' Affairs.

Funding and assets

For 2021–22, Defence reported a departmental cash overspend of **\$535.1 million** relative to an available total funding of **\$45.8 billion**. More information about Defence's financial performance can be found in Chapter 4. Defence currently manages **\$127.3 billion** of total assets, including **\$81.0 billion** of specialist military equipment.

Our people

As at 30 June 2022, the Australian Defence Force actual strength was 59,304 members, an Australian Public Service actual full-time equivalent workforce of 15,907, and a Reserve force (Service Categories 5, 4 and 3) of more than 31,000. More information can be found in Chapter 6.

Our projects

As at 30 June 2022, Defence's Capability Acquisition and Sustainment Group was managing 158 major and 10 minor acquisition projects, with total acquisition costs of **\$130.5 billion**.

Where we work

Defence has the most extensive land and property holdings in the Commonwealth, with a net value of **\$31.3 billion** in buildings and infrastructure, including training areas, ranges, and major bases. Defence has environmental stewardship of over 2.8 million hectares of land in Australia and operates a number of facilities and operational bases around the world.

About this report

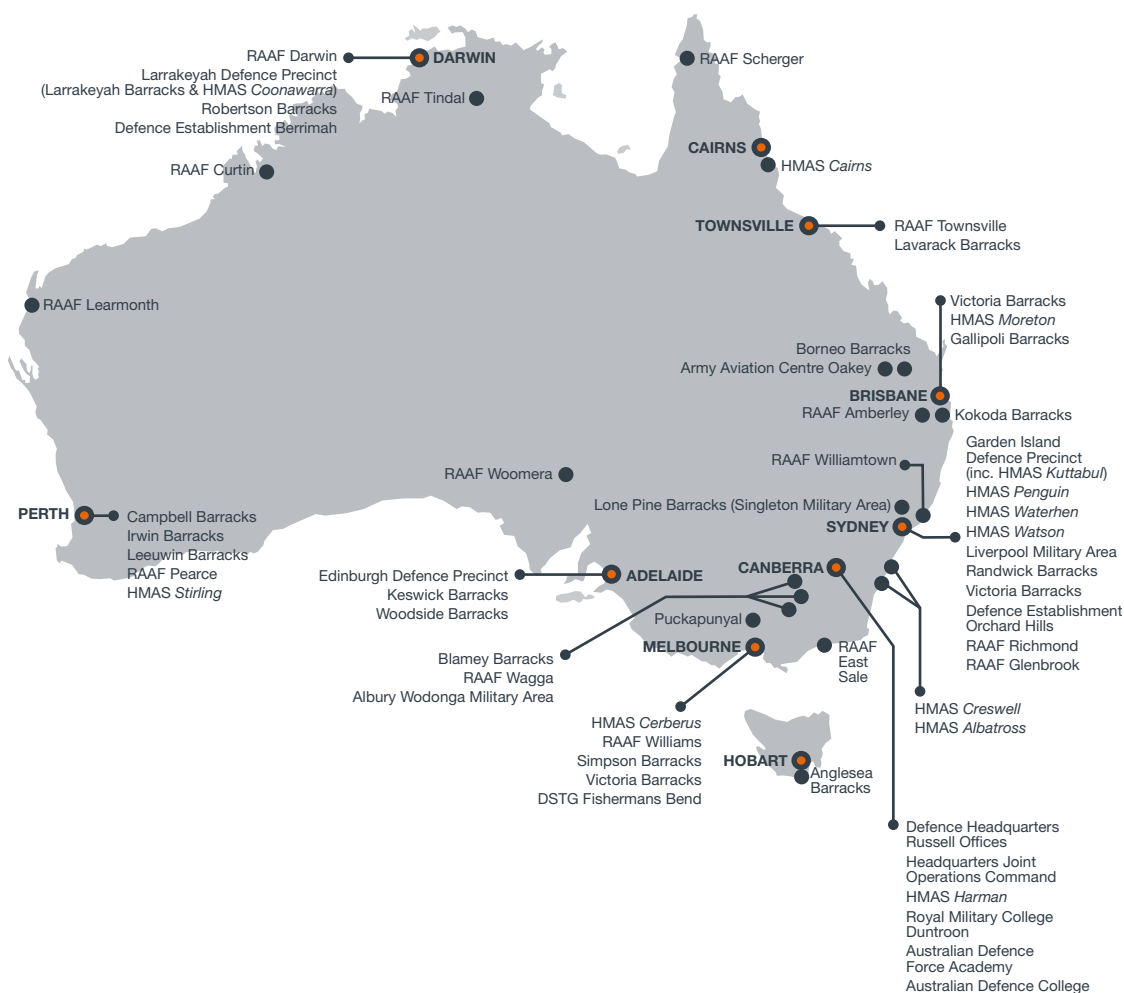
This is the Secretary of Defence and Chief of the Defence Force's performance report to the Deputy Prime Minister and Minister for Defence, the Parliament of Australia, and the Australian public for the 2021–22 financial year. The report addresses the purpose and outcomes of the Department of Defence and the Australian Defence Force – collectively known as Defence.

The report was prepared in accordance with parliamentary reporting and legislative requirements. The requirements table in Appendix F identifies for the reader where required information may be found.

Online content

An electronic version of this report and supplementary performance information may be accessed at www.defence.gov.au/annualreports. Appendix E of this report lists the supplementary online material that is available on the Defence website. The *Defence Annual Report 2021–22* is also published on www.transparency.gov.au.

Defence base locations





Australian Government

Defence

The Hon Richard Marles MP
Deputy Prime Minister and Minister for Defence
Parliament House
Canberra ACT 2600

Dear Deputy Prime Minister,

We present the *Department of Defence Annual Report 2021–22* for the year ended 30 June 2022. The report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013*. Subsection 46(1) of the *Public Governance, Performance and Accountability Act 2013* requires that an annual report be provided to the responsible Minister for presentation to the Parliament.

The report reflects the mandatory requirements as prescribed by the *Public Governance, Performance and Accountability Rule 2014*. It includes Defence's audited financial statements, as required by subsection 43(4) of the *Public Governance, Performance and Accountability Act 2013*, and Defence's annual performance statements, as required by section 39 of the *Public Governance, Performance and Accountability Act 2013*.

Consistent with the requirements set out in Section 10 of the *Public Governance, Performance and Accountability Rule 2014*, we certify that Defence has conducted whole-of-Defence fraud risk assessments as part of its biennial fraud and corruption control planning cycle. We also certify that Defence has in place reasonable and appropriate measures, mechanisms, and programs to prevent, detect, investigate, record, and confidentially report suspected fraud and corruption.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Greg Moriarty'.

Greg Moriarty
Secretary of Defence
29 September 2022

A handwritten signature in black ink, appearing to read 'Angus J Campbell'.

Angus J Campbell AO DSC
General
Chief of the Defence Force
29 September 2022

cc the Hon Pat Conroy MP, the Hon Matt Keogh MP, the Hon Matt Thistlethwaite MP

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Our next generation workforce

Defending Australia and its national interests in an era marked by strategic complexity presents significant challenges.

Defence's ability to respond is contingent on the expertise, resilience, and adaptability of our people.

The Defence workforce has continued to grow and diversify during the past year in accordance with the Defence Strategic Workforce Plan and the Australian Defence Force Total Workforce System. Defence's integrated workforce includes the Defence external workforce; consisting of contractors, consultants, and outsourced service providers. Through their skills, expertise, and professional insight, the Defence workforce has supported the growth of Defence's organisational capability.

Defence's next generation workforce will be tasked with building, operating, and sustaining new capability. This includes fleets of new naval ships, nuclear-powered submarines, armoured vehicles, advanced guided weapons, infrastructure, and facilities. The Government's investment of \$19 million in Australian business and research will support the development of cutting-edge technologies to help protect and sustain Australian Defence Force personnel and capability. This investment has increased Defence's engagement with industry and

"Our people are the most important sovereign capability we have."

The Hon Matt Keogh MP, Minister for Veterans' Affairs and Defence Personnel

academia over the past reporting year, who have and will continue to play a vital part in building, operating, and sustaining new capability.

Training, education, and targeted recruitment is key to achieving Defence's next generation workforce. In December 2021, Defence announced the creation of more than 300 scholarships over the next five years to help grow Australia's nuclear science and engineering workforce, including design, construction, integration, and sustainment capabilities.

The Australian Defence Force Cadets is a development program for young people, supported by the Services in cooperation with the community. The program develops the capacity of young Australians to make a meaningful contribution to society and aims to inspire cadets to consider a future career in the Australian Defence Force.



Aircraftwoman Lucy Hall and SES Jamie Baker inspect a Swellpro waterproof drone at the Air Force Drone Racing Tournament Exhibition day.
CREDIT: Leading Aircraftwoman Kate Czerny



Ms Ashleigh Fisher and Ms Victoria Beahan from Defence Member and Family Support Branch talk to Leading Seaman Caroline Marinucci and Private Jacqueline Kerr about transition coaching and support services offered to members who are transitioning from military to civilian life. CREDIT: Unknown

Defence will spend \$1 billion over the next ten years towards upgrading up to 73 Australian Defence Force reserve and cadet facilities. These upgrades are part of many initiatives that will contribute to growing the Australian Defence Force Cadets by 10 per cent over the next year.

Defence recognises that mental health services and support will ensure our Australian Defence Force and Australian Public Service workforce are '*Fit to Fight, Fit to Work, Fit for Life*'. The *Defence Mental Health and Wellbeing Strategy 2018–2023* brings together Defence's mental health and wellbeing actions for both Australian Defence Force and Australian Public Service workforces into one integrated plan. While the initiatives and programs available to the Australian Defence Force and Australian Public Service workforces may differ, the Strategy demonstrates common understanding of the importance of supporting the mental health and resilience of the total Defence workforce.

Defence is committed to the National Agreement on Closing the Gap. Under the *Defence Reconciliation Action Plan 2019–2022*, Defence is working to improve Indigenous representation, including supporting and developing Indigenous members from when they first join Defence and throughout their careers. Defence, as an integrated workforce, has achieved the Australian Government target of 3 per cent Indigenous representation, and remains focused on lifting this target to 5 per cent for the Australian Defence Force by 2025, and 3 per cent for the Australian Public Service by the end of 2022. The permanent Australian Defence Force Indigenous workforce currently exceeds the Australian Government target of 2.7 per cent, having achieved an increase to 3.5 per cent as at 30 June 2022. Defence will continue its focus on enhancing and developing relationships with Aboriginal and Torres Strait Islander communities and promoting Defence as a culturally safe and inclusive workplace for all. •

HMAS CANBERRA TONGAN SMALL ARMS FIRING

Australian Army soldiers attached to the 2nd Battalion, Royal Australian Regiment-led Multi-national Landing Force are embarked on HMAS *Canberra* as they travel to Exercise Rim of Pacific (RIMPAC) in Hawaii. Marines from His Majesty's Armed Forces from Tonga are embedded into the Australian team for training and integration.

Twenty-six nations, 38 ships, four submarines, more than 170 aircraft and 25,000 personnel are participating in RIMPAC in and around the Hawaiian Islands and Southern California. The world's largest international maritime exercise, RIMPAC provides a unique training opportunity while fostering and sustaining cooperative relationships among participants critical to ensuring the safety of the sea lanes and security on the world's oceans. RIMPAC 2022 is the 28th exercise in the series which began in 1971. CREDIT: Leading Seaman Imagery Specialist Matthew Lyall





Chapter 1:

Reviews by the
Secretary of
Defence and
the Chief of the
Defence Force



Four MH60R Romeo Seahawk Military Combat Helicopters from 725 Squadron and 816 Squadron provide a four-ship flight formation above the Chief of Navy's Change of Command Ceremony at Russell Offices, Canberra.
CREDIT: Kym Smith

Secretary's review



Mr Greg Moriarty • Secretary of Defence

Over the last 12 months Defence has continued to advance Australia's security and prosperity in the most challenging and complex strategic environment faced since World War II. Trends that were becoming evident at the time of the *2020 Defence Strategic Update* have sharpened. We have seen key drivers of change in the strategic environment — including the development and deployment of new weapons that challenge our military capability advantage; expanding cyber and grey zone capabilities which blur the line between peace and conflict; and the intensification of strategic competition in the Indo-Pacific region. Additionally, Russia's invasion of Ukraine marks a new, more acute phase in great power competition and increasing strain on global institutions. The development of these trends pose clear challenges to Defence and Australia's strategic outlook.

Helping at home

Over the last year, Defence and its people have responded to mounting pressures at home in addition to security and disaster relief challenges abroad. I am proud that Defence personnel have continued to support the whole-of-government effort to provide assistance during the COVID-19 pandemic, including providing surge relief to the Department of Health and Aged Care.

Defence personnel also surged to support civilian authorities in response to the New South Wales and Queensland floods. Employees seconded to Services Australia processed disaster payments, responded to calls from the community seeking assistance, assessed eligibility, and processed payments.

I commend our Australian Defence Force, Defence Australian Public Service, and contracted workforce for their unwavering commitment to Defence's goals and mission throughout this period. It highlights that Defence's most important asset will always remain its people.

A new partnership

On 16 September 2021, Australia, the United Kingdom, and the United States announced a trilateral security partnership – AUKUS – to strengthen and support our security and defence interests. AUKUS will expand our collective capability advantage in areas most relevant to the emerging strategic environment in the Indo-Pacific. AUKUS partners have taken important steps since the announcement towards implementation of the two lines of effort – nuclear-powered submarines and advanced capabilities.

Through AUKUS, Australia will acquire at least eight conventionally armed nuclear-powered submarines, with superior characteristics of stealth, speed, manoeuvrability, survivability, and endurance, to ensure Australia can maintain an effective deterrent in the decades ahead. Progress has also been made in six of the advanced capabilities areas – advanced cyber, artificial intelligence and autonomy, quantum technologies, undersea capabilities, hypersonics and counter hypersonics, and electronic warfare.

I'm pleased that in support of the future nuclear-powered submarines and other undersea warfare capabilities, Defence has committed to establishing an Australian east coast naval base to operate in conjunction with Australia's existing submarine base at HMAS *Stirling* in Western Australia. This will strengthen our ability to protect the entire nation and work more closely with partners and allies.

Investing in capability

In response to our deteriorating strategic environment, Defence has invested in technologies that will increase the range and lethality of the Australian Defence Force; developing advanced capabilities in collaboration with partners, and working with other countries to develop norms for critical and emerging technologies through multilateral fora.

The MQ-28A Ghost Bat uncrewed combat aerial vehicle made its inaugural flight in March 2021. Since then, Defence has continued to work with Boeing to progress this system towards an operational capability, including through research and development of human-machine teaming concepts. Defence is also working closely with Australian Industry to accelerate autonomous collaborative platform capabilities for the evolution of the MQ-28A Ghost Bat combat capability.

In May 2022, Defence entered into the Ghost Shark program, a research collaboration agreement with Anduril Australia to develop extra-large autonomous underwater vehicles. Through this program, three prototype extra-large autonomous underwater vehicles will be produced and tested by 2025. An extra-large autonomous underwater vehicle's capability could potentially complement and enhance the agility and potency of the Navy's submarine and surface combatant force in maintaining peace and stability in the Indo-Pacific region.

Working with industry

Defence continued to invest in developing an innovative Australian defence industry to deliver cutting edge capability for the Australian Defence Force. Over the last 12 months, the Defence Innovation Hub executed 64 contracts with Australian businesses and research organisations, worth a combined total of \$152.7 million. Over the same period, Defence continued to engage with international militaries and defence industry companies in support of exports. Around 200 unique Australian companies were supported to attend virtual and in-person defence and security tradeshow. Defence also finalised over 3,300 export applications.

Despite the supply chain and workforce issues presented by the pandemic, the Naval Shipbuilding Enterprise has shown resilience. The first Arafura class offshore patrol vessel was launched at Osborne, South Australia, in December 2021 and the first evolved Cape class patrol boat was delivered from Henderson, Western Australia, in May 2022. The Hunter class frigate program, which will form the backbone of the Navy's surface combatant force, is making progress with the design transitioning from the United Kingdom to Australia from October 2021. This program, which will set in place continuous naval shipbuilding at Osborne, is also progressing with prototyping to test and tune the advanced manufacturing systems in the new Osborne South shipyard and build workforce skills that will support the construction of these world-leading warships. In addition to new programs, Australia's sustainment capability has remained resilient, ensuring the fleet availability required to support the Navy's operations and training.

Defence is focused on achieving range and survivability for our Australian Defence Force. In support of this we have been working to accelerate the delivery of Guided Weapons and Explosive Ordnance through two parallel pathways: accelerated acquisitions of critical weapons; and the creation and growth of a national Guided Weapons and Explosive Ordnance Enterprise. Through collaboration with our industry partners, we will expand the manufacturing of guided weapons and key components in Australia to improve our self-reliance, contribution to partners, and supply chain resilience.

New frontiers – cyber and space

Defence continues to grow and mature cyber capabilities through concepts, tools, and growing our workforce. We are strengthening partnerships with other countries in cyberspace, with strong collaboration to provide both network resilience and a united voice in calling out malicious cyber activities.

In January 2022, Defence established the Defence Space Command to assure Australia's access to space through the development of human and technological space capabilities and strategic planning, in line with Government, allies, international partners, and industry.

Defence partnered with the United States National Reconnaissance Office for two space missions as part of a broad range of cooperative satellite activities. This collaboration bolsters our partnership and strengthens the foundation for future coordination as we work to secure and expand our intelligence advantage in a competitive space environment. The activities with National Reconnaissance Office will also help inform the development of our knowledge base and future space capability projects.

Working with partners

Our international relationships remain integral to upholding cooperation, stability, security, and prosperity in our region.

In Southeast Asia, we expanded our resident Defence Attaché and Adviser network to all Southeast Asian countries, contributed to exercises marking the 50th anniversary of the Five Power Defence Arrangements, and resumed exercises across the region which had been paused during COVID-19 restrictions.

Our flagship regional engagement activity, *Indo-Pacific Endeavour*, returned in 2021, after its suspension in 2020 due to COVID-19. *Indo-Pacific Endeavour 2021* was an opportunity for Australia to strengthen our partnerships in Southeast Asia and demonstrate Australia's support for an open, inclusive, and resilient region. Despite COVID-19 restrictions, *Indo-Pacific Endeavour 2021* conducted meaningful activities across the region.

We have remained committed to our Pacific Island family, gifting four more Guardian class patrol boats to Pacific Island nations in the last financial year through the Pacific Maritime Security Program. Australia and Fiji worked together to redevelop the Blackrock Peacekeeping and Humanitarian Assistance and Disaster Relief Camp, which was opened in March 2022 and will enhance regional humanitarian and disaster response efforts.

Australia's alliance with the United States has never been more vital. At the September 2021 Australia-United States Ministerial Consultations, it was agreed to deepen the Australia-United States alliance through enhanced force posture cooperation and we have welcomed new rotations of United States forces including B-2 bombers, fifth generation fighters, and a nuclear-powered submarine.

Defence cooperation and relationships with India and Japan are at historic highpoints. This year Defence conducted two reciprocal maritime surveillance operations with India's Navy, had an Indian P-8I visit Darwin in April, and an Australian P-8A deployed to Goa, India in June. Under the Special Strategic Partnership with Japan, we signed the Reciprocal Access Agreement, a landmark defence treaty, and regular bilateral and multilateral activities continue to increase interoperability, boosting our respective defence capability and economic security.

Collectively, Australia's Defence relationships with the Quadrilateral nations, India, Japan, and the United States, are vital for the security of the Indo-Pacific region. The 24 May 2022 Quadrilateral Summit in Tokyo reiterated shared security interests and a strong resolve to maintain peace and stability in the region.

Investing in people and industry

The nature of Defence's work is complex, and requires people with the right skills, training, and experience. Our integrated workforce is central to meeting our strategic challenges. We are attending to current recruitment and retention challenges and to the achievement of Defence's long-term growth requirements of 18,500 Australian Defence Force and Australian Public Service personnel by 2040. This includes growing the workforce in a range of areas such as AUKUS nuclear-powered submarines and advanced capabilities, Space Command, guided weapons, and national naval shipbuilding, which is complex and involves the support of numerous recruitment programs and pathways for the Australian Public Service and Australian Defence Force workforce. We have developed new programs to foster the future Defence workforce, including entry-level and mid-level career science, technology, engineering, and maths (STEM) Cadetships, sponsored Nuclear Science and Nuclear Engineering Masters Programs, and the NAVIGATE Program.

While our prime contractors ultimately retain responsibility for growing the industry workforce, we are working closely with them to coordinate and collaborate in the development of a shared demand picture and the implementation of effective supply-side strategies. This includes working across government agencies, with the states and territories, and with the vocational and tertiary education sectors to ensure we can grow the combined Defence and industry workforce of the future.

Focusing on our people

As one of Australia's largest employers, we remain focused on continuing to build a diverse and inclusive culture for our people — which is integral to supporting our strategic goals. Defence's *Pathway to Change: Evolving Defence Culture 2017–2022* strategy has been fundamental to aligning and incorporating our cultural priorities into Defence Group and Service business plans. We remain committed to improving Defence capability through inclusion. I am proud that over the past year, we have increased female participation in Senior Executive Services roles from 45.1 per cent to 51.1 per cent, met the Australian Government's target of three per cent Indigenous participation as a combined Australian Public Service and Australian Defence Force workforce, delivered for the whole-of-government Indigenous Graduate Pathway, and achieved Gold membership status with the Australian Network on Disability.

I am proud that Defence has continued to stimulate Indigenous entrepreneurship and business development through the Indigenous Procurement Policy which provides Indigenous Australians with more opportunities to participate in the economy. Defence was awarded the Supply Nation Government Member of the Year for the fourth time in 2022 in recognition of this support and assistance.

Greg Moriarty

Secretary
Department of Defence



HMAS *Canberra* under the Milky Way while sailing back to Australian waters after the successful completion of Indo-Pacific Endeavour 21. CREDIT: Petty Officer Imagery Specialist Christopher Szumlanski.

Chief of the Defence Force's review



General Angus J Campbell AO DSC
• Chief of the Defence Force

2021–22 was a year of challenges and successes for the Australian Defence Force.

The Australian Defence Force continued to operate in an increasingly complex strategic environment, with many of the geopolitical trends identified in the *2020 Defence Strategic Update* increasing. Across our region, heightened strategic competition, rapid military modernisation, and the proliferation of advanced weapons systems further undermined regional peace and stability.

The 2021–22 reporting period also saw significant work continue on a number of people-focused reviews and inquiries, including the Royal Commission into Defence and Veteran Suicide (the Royal Commission), the Afghanistan Inquiry reforms, and efforts to recruit, retain, and grow our workforce.

The Australian Defence Force continued to provide essential support to the Australian community in 2021–22. Notable activities included support to state, territory and federal governments under Operation COVID-19 ASSIST and in response to natural disasters.

Further, the Australian Defence Force conducted multiple operations in our immediate region in support of the governments and people of Tonga, Papua New Guinea, and Solomon Islands as they contended with natural disasters, the effects of COVID-19, and civil unrest. Outside our immediate region, the Australian Defence Force operated and exercised with allies, partners, and friends to defend Australia and its national interests. This included the provision of much needed assistance to Ukraine as they fought to defend their homeland from Russia's illegal and unprovoked invasion.

Supporting our people

People are the most important component of military capability, and as such, I am committed to fostering Defence Values and Behaviours to build diverse, inclusive, respectful teams of Australian Defence Force and Australian Public Service professionals committed to the defence of Australia and its national interests. The success of the Australian Defence Force, like a nation, lies in the character of its people and the culture of our teams.

Royal Commission into Defence and Veteran Suicide

On 8 July 2021, the Royal Commission was established to examine the systemic issues and common themes in deaths by suicide of Australian Defence Force members and veterans.

The Australian Defence Force recognises the vital importance of the Royal Commission's work, and the senior leaders of the Australian Defence Force, including myself, are determined to better address the serious and complex issue of suicide and suicidality impacting our Defence family and the wider Australian community. The Royal Commission is an opportunity to learn and strengthen our approach to the wellbeing, mental health, and welfare of Australian Defence Force personnel. Every effort is being made to encourage and support current and former serving Australian Defence Force members to come forward and share their experiences.

A Task Force was established within Defence to support the work of the Royal Commission by responding to requests for information and coordinating support to personnel and their families who engage with the Royal Commission.

Afghanistan Inquiry Report and Reform Plan

In November 2020, the Inspector-General of the Australian Defence Force released the public version of the Afghanistan Inquiry Report. On 30 July 2021, the Afghanistan Inquiry Reform Plan (the Reform Plan) was published, setting out Defence's strategy for responding to the Afghanistan Inquiry Report. The Reform Plan established the Afghanistan Inquiry Reform Program to coordinate and drive this work with two clear objectives: to address the past and prevent recurrence.

As of 30 June 2022, Defence had implemented the required action to close 101 of the 143 Afghanistan Inquiry recommendations and remains fully committed to finalising its response in a timely, thorough, and carefully considered manner.

Recruitment and retention

The Australian Defence Force faced significant challenges to recruit, retain, and grow our workforce during the 2021–22 period. We are actively working to identify ways to respond to these challenges in order to attract the best possible talent from all backgrounds, regions, and walks of life throughout Australia.

The Australian Defence Force has worked to evolve and communicate its employee value proposition in order to remain an employer of choice, and we are focused on sustaining and growing our workforce. Significant work is underway to set the conditions for success.

Supporting our community

At home, the Australian Defence Force was called upon to assist civilian emergency efforts, providing vital assistance to communities affected by natural disasters and support to aged care facilities.

Operation FLOOD ASSIST 22–1

On 28 February 2022, Defence established Operation FLOOD ASSIST 22–1 to coordinate and deliver Australian Defence Force support to flood-affected communities across South East Queensland, Northern New South Wales, and the Sydney Basin.

At its peak, over 7,100 Navy, Army and Air Force personnel worked side-by-side with emergency services and local communities to support the relief and recovery efforts. Australian Defence Force personnel flew over 400 hours to assist aerial evacuation operations, removed significant amounts of debris from properties, major roads, and waterways, and delivered much needed disaster relief supplies.

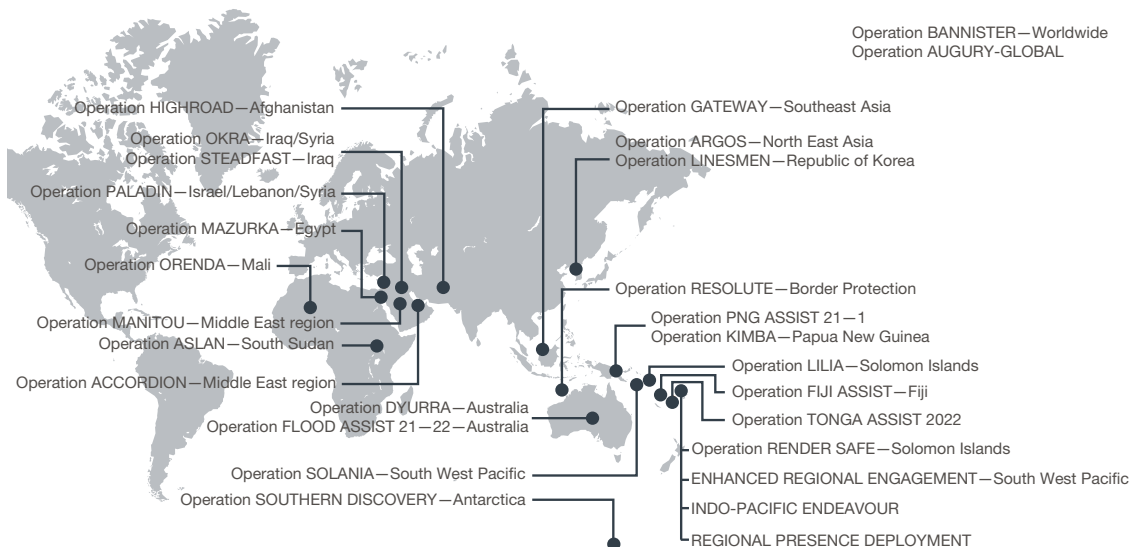
Operation COVID-19 ASSIST and assistance to aged care

Since 25 March 2020, almost 19,000 Australian Defence Force personnel have deployed in support of state, territory, and federal government COVID-19 response efforts.

On 7 February 2022, the Government announced the deployment of Australian Defence Force personnel to support staff shortages in aged care and to assist in stabilising outbreaks of COVID-19 infections. This extension of the Australian Defence Force's activities reflected the high community transmission rates of the Omicron COVID-19 variant. At its peak in March 2022, the Australian Defence Force made available over 1,700 personnel and provided clinical and non-clinical support to over 528 aged care facilities, helping to alleviate the pressure placed on aged care staff at a time of significant demand.

Supporting our neighbours and friends

Figure 1.1: Australian Defence Force operations during 2021–22



Afghanistan non-combatant evacuation operations

In August 2021, the Australian Government facilitated the evacuation of 4,168 people from Kabul, Afghanistan. In support of the evacuation, Defence deployed over 300 additional personnel, as well as military aircraft, to the Middle East to support the approximately 400 personnel already deployed to the region to work alongside our allies and partners. Australia's military air evacuation operation in Afghanistan contributed to one of the largest humanitarian airlift operations in history. Defence continued to provide logistics and transport support to the Department of Foreign Affairs and Trade to assist in the movement of Australian citizens, permanent residents, visa holders, and approved foreign nationals to Australia from the region in the months following the evacuation.

Operation TONGA ASSIST 2022

In response to the violent eruption of the Hunga Tonga-Hunga Ha'apai volcano and resultant tsunami on 15 January 2022, and at the Tongan Government's request, the Australian Defence Force deployed to Tonga as part of Operation TONGA ASSIST 2022. More than 1,100 Australian Defence Force personnel delivered approximately 390 tonnes of humanitarian and reconstruction assistance to Tonga across 24 airlift flights and from the deployment of HMA Ships *Adelaide*, *Canberra*, and *Supply*. Personnel, in collaboration with partners and allies, undertook a number of recovery tasks, including clean-up activities, basic maintenance and construction, safety work on infrastructure, and provided vital transport for on-site critical incident teams.

Operation PNG ASSIST 21–1

Operation PNG ASSIST 21–1 was established in April 2021 to support the Department of Foreign Affairs-led COVID-19 crisis response in Papua New Guinea. The Australian Defence Force provided a range of support to the whole-of-government response, including: airlift of civilian medical personnel and equipment; increased surveillance presence in the Torres Strait; and provision of Australian Defence Force logistics, health, and operations planning staff. Over 40 Australian Defence Force personnel deployed, with the last returning to Australia in April 2022 upon the conclusion of the operation.

Operation KIMBA – Papua New Guinea

Operation KIMBA was established on 14 February 2022 to provide Australian Defence Force transport and logistics support to Papua New Guinea's national elections. Under Operation KIMBA, and at the request of the Papua New Guinea Government, over 130 Australian Defence Force personnel and three Royal Australian Air Force aircraft provided specialist planning, air transport, and logistics support to the Papua New Guinea Electoral Commission, the Papua New Guinea Defence Force, and Royal Papua New Guinea Constabulary.

Operation LILIA – Solomon Islands

Through Operation LILIA, Defence contributed to the whole-of-government response to civil unrest in Solomon Islands by providing logistics, medical, communications, and airlift transport support to the police-led Solomon International Assistance Force. The Solomon International Assistance Force, consisting of military and police from Australia, Fiji, New Zealand, and Papua New Guinea, assisted the Royal Solomon Islands Police Force to maintain stability and security in Solomon Islands. At the peak of the Australian Defence Force's deployment on 1 December 2021, 103 Australian Defence Force personnel were deployed to Solomon Islands, including an Army security detachment, Royal Australian Air Force airfield operations element, and HMAS *Armada* providing maritime security and support.

Australia's Military Assistance to Ukraine

Australia remains committed to supporting the international rules-based order, and stood in solidarity with global partners in 2021–22 to contest Russia's illegal and unprovoked invasion of Ukraine. Defence provided critical military assistance to the Armed Forces of Ukraine, including lethal and non-lethal materiel and equipment, to help meet their urgent self-defence needs. Defence's efforts complement Australia's sanctions regime, economic measures, and humanitarian support to Ukraine.

Supporting international cooperation

In 2021–22, we saw the strengthening and maturing of combined efforts in support of shared global security interests, particularly in the Indo-Pacific region. These efforts were assisted by the widespread easing of COVID-19 travel restrictions, which enabled the resumption of in-person dialogue and international engagement.

The Australian Defence Force continued to deepen Australia's alliance with the United States, with 2021 marking the 10th anniversary of the announcement of United States Force Posture Initiatives, the 10th rotation of Marine Rotational Force-Darwin, and the fifth year of the Enhanced Air Cooperation Initiative. The Australian Defence Force also continued efforts to deepen interoperability and enhance capabilities through an increased tempo of combined training and exercises. In 2021, we saw around 17,000 military personnel from seven nations come to Australia under COVID-19 controls for Exercise Talisman Sabre, Australia's largest bilateral defence exercise with the United States.

The 2021 iteration of Exercise Talisman Sabre saw many firsts, including: participation by the Republic of Korea; the first firing of the United States Patriot surface-to-air missile on Australian soil; amphibious forces from Australia, the United States, Japan, and the United Kingdom operating for the first time as an integrated landing force; and the first deployment of United States Space Command to Australia.

Through other international exercises and activities, such as Exercise Koolendong 2021, Bersama Gold 2021, Malabar 2021, and Indo-Pacific Endeavour 2021, the Australian Defence Force furthered its collaboration and engagement with key partners, with activities growing in scale, scope, and complexity.

I want to finish by thanking all of the men and women of the Australian Defence Force for their significant efforts in service to the defence of Australia and its national interests through the 2021–22 period. Their stoic commitment to service, whether through natural disasters and COVID-19, or their efforts to care for our people, engage with partners, and build Australian Defence Force capability, has been outstanding. I am immensely proud of them.

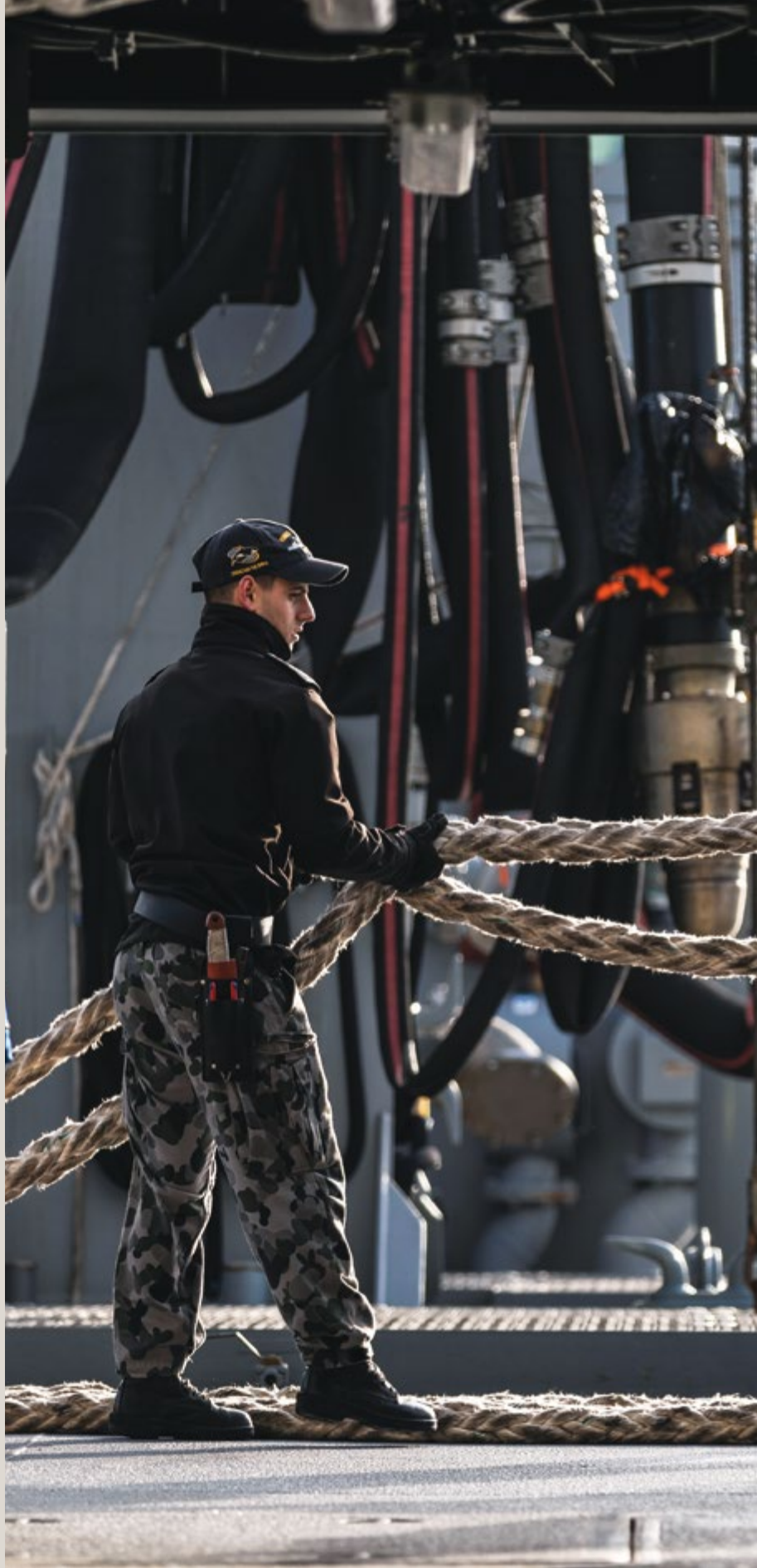
Angus J Campbell AO DSC

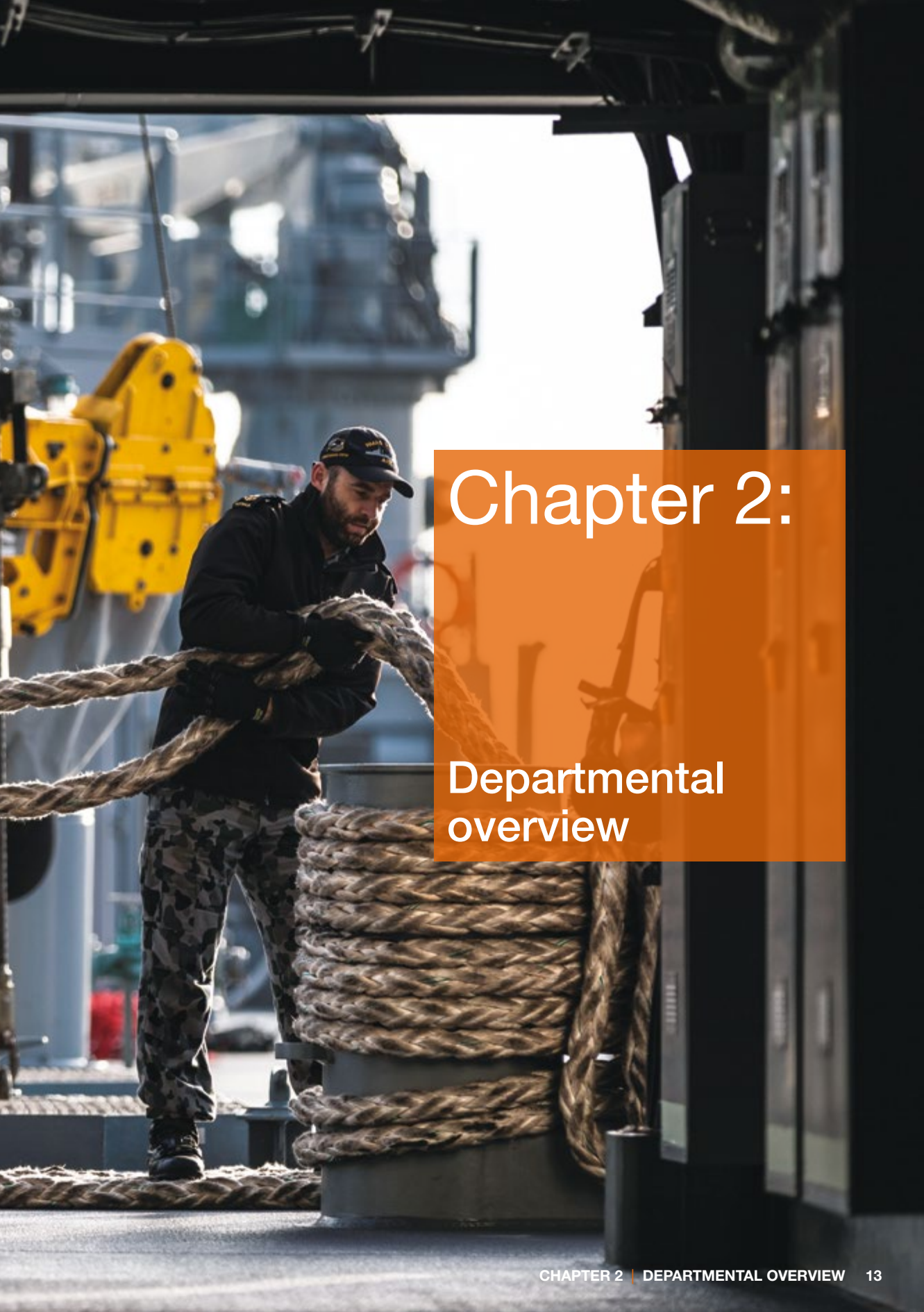
General

Chief of the Defence Force

HMAS *SUPPLY* VISITS EDEN

HMAS *Supply*, the first of two new Royal Australian Navy Supply Class Auxiliary Oiler Replenishment ships, arrived at its ceremonial homeport, Eden, New South Wales. It is the first time *Supply* has departed its homeport of Fleet Base East in Sydney, New South Wales. The bond between the Port of Eden in the Bega Valley Shire and Royal Australian Navy started with the Navy ammunition facility built more than decade ago but has grown closer during the 2020 bushfire crisis. The Auxiliary Oiler Replenishment enhances Fleet capability by extending the time a Task Group can spend at sea and the distance travelled. CREDIT: Leading Seaman Imagery Specialist Daniel Goodman





Chapter 2:

Departmental overview

AUKUS: A new partnership for joint capability development



Left to right: Chief of the Defence Force General Angus Campbell AO, DSC and Secretary of Defence Greg Moriarty, during a press conference to announce the AUKUS alliance and nuclear submarine acquisition at Parliament House, Canberra. CREDIT: Mr Jay Cronan

A trilateral capability partnership with the United Kingdom and the United States

AUKUS partners have committed to bolstering collective efforts to deter conflict in the Indo-Pacific through enhanced capability cooperation. The first pillar of AUKUS effort is to identify an optimal pathway to deliver a nuclear-powered submarine capability to Australia. The second pillar of AUKUS is focused on advanced capabilities – enhancing the three nations’ technological edge by pooling trilateral resources, with key areas of focus including artificial intelligence, quantum computing, cyber technology, undersea capabilities, hypersonics, counter-hypersonics, electronic warfare, and information-sharing.

Nuclear-powered submarines

Royal Navy and United States Navy nuclear-powered submarines conducted port visits to Perth in October 2021 and April 2022 respectively, demonstrating the strong naval partnerships between Australia, the United Kingdom and the United States. On top of naval visits, the signing of the Exchange of Naval Nuclear Propulsion Information Agreement with our AUKUS partners was another key step in Australia’s pursuit of nuclear-powered submarines. The agreement means that the United Kingdom and the United States are able to share information with Australia, helping advance Australia’s nuclear submarines program, and ensuring Australian can continue to be a reliable and capable partner. •

“AUKUS will deliver nuclear-powered submarines for Australia, and it will guide accelerated development of advanced defence capabilities where they have most impact – such as quantum technology, artificial intelligence, undersea warfare, hypersonics, and counter-hypersonics.”

The Hon Matt Thistlethwaite MP, Assistant Minister for Defence, Assistant Minister for Veterans’ Affairs, and Assistant Minister for the Republic

Mission and Purpose

Defence's Mission and Purpose is to defend Australia and its national interests in order to advance Australia's security and prosperity.

In fulfilling this Mission and Purpose, Defence serves the government of the day and is accountable to the Australian Parliament, which represents the Australian people, to efficiently and effectively carry out the Australian Government's defence policy.

Defence defends Australia and its national interests through the conduct of operations and provision of support for the Australian community and civilian authorities in accordance with Government direction.

Defence protects and advances Australia's strategic interests through the provision of strategic policy, the development, delivery and sustainment of military, intelligence and enabling capabilities, and the promotion of regional and global security and stability as directed by the Government.

Further information on Defence's purpose is in the Corporate Plan, which is available at www.defence.gov.au/publications/corporateplan. Defence's performance in achieving its purpose during the 2021–22 reporting period is described in Chapter 3.

Strategic direction

Defence's strategy, and the capability investments to deliver it, are outlined in the *2020 Defence Strategic Update* and *2020 Force Structure Plan*.

The *2020 Defence Strategic Update* sets out Defence's strategic policy framework, which provides clearly identified geographical, operational, and capability priorities. This framework provides a tight focus for planning, ensures alignment with broader Government initiatives and guides efforts to build a safe, secure and prosperous region.

The three strategic objectives for Defence planning are:

- to **shape** Australia's strategic environment;
- to **deter** actions against Australia's interests; and
- to **respond** with credible military force when required.

These strategic objectives guide all aspects of Defence planning including force structure planning, force generation, international engagement, and operations. To implement the objectives, Defence is:

- prioritising our immediate region as Defence's geographical focus;
- increasing Defence's self-reliance to deliver deterrent effects;
- expanding Defence's capability to respond to grey-zone activities in partnership with other arms of government;
- enhancing the lethality of the Australian Defence Force for the sorts of high-intensity operations that are the most likely and highest priority in relation to the security of Australia and its interests;
- maintaining the Australian Defence Force's ability to deploy forces globally, where the Government chooses to do so, including in the context of US-led coalitions; and
- enhancing Defence's capacity to support civil authorities in response to natural disasters and crises.

Defence portfolio structure

As at 30 June 2022, the Defence portfolio has four ministers:

- the Hon Richard Marles MP, Deputy Prime Minister and Minister for Defence;
- the Hon Pat Conroy MP, Minister for Defence Industry and Minister for International Development and the Pacific;
- the Hon Matt Keogh MP, Minister for Veterans' Affairs and Minister for Defence Personnel; and
- the Hon Matt Thistlethwaite MP, Assistant Minister for Defence and Assistant Minister for Veterans' Affairs.

Defence is established as a Department of State under the Administrative Arrangements Order. Defence operates under the *Public Service Act 1999* and is a non-corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013*. The Australian Defence Force is constituted through the *Defence Act 1903*.

In addition to the Department of Defence and the Australian Defence Force, the Defence portfolio contains other entities, including Defence Housing Australia and a number of statutory offices, canteens, trusts and companies. Legislation that establishes these entities includes the *Defence Housing Australia Act 1987*, the *Defence Act 1903*, the *Army and Air Force (Canteen) Regulation 2016*, the *Navy (Canteen) Regulation 2016*, the *Services Trust Funds Act 1947*, the *Royal Australian Air Force Veterans' Residences Act 1953* and the *Corporations Act 2001*.

The portfolio also contains the Australian Signals Directorate, designated under the *Intelligence Services Act 2001*, and the Department of Veterans' Affairs and associated bodies as designated in the Administrative Arrangements Order.



Royal Australian Air Force officer Flight Lieutenant Machaela Harris is seen at the Multinational Force and Observers obstacle course at South Camp, Sinai Peninsula, Egypt. CREDIT: Petty Officer Imagery Specialist Lee-Anne Cooper

Changes in ministerial responsibilities

Following the federal election on 21 May 2022, the new Australian Government was sworn in on 23 May 2022. The following changes were made to the Defence portfolio:

- the Hon Richard Marles MP became the Deputy Prime Minister and the Minister for Defence;
- the Hon Pat Conroy MP became the Minister for Defence Industry and the Minister for International Development and the Pacific;
- the Hon Matt Keogh MP became the Minister for Veterans' Affairs and the Minister for Defence Personnel; and
- the Hon Matt Thistlethwaite became the Assistant Minister for Defence and the Assistant Minister for Veterans' Affairs.

Outcomes and programs

Defence’s annual Portfolio Budget Statements detail the outcomes and program structures for the Defence portfolio. Within this framework, the outcome is the intended result, impact, or consequence of our actions. Defence works towards achieving these outcomes through undertaking activities and delivering results for each program.

Figure 2.1 shows Defence’s Mission and Purpose. Underpinning this are two outcomes for 2021–22, together with the related programs. The Portfolio Budget Statements describe the performance criteria and targets to be used in assessing and monitoring the performance of Defence in achieving Government outcomes.

Figure 2.1: Defence’s outcomes and programs, 2021–22

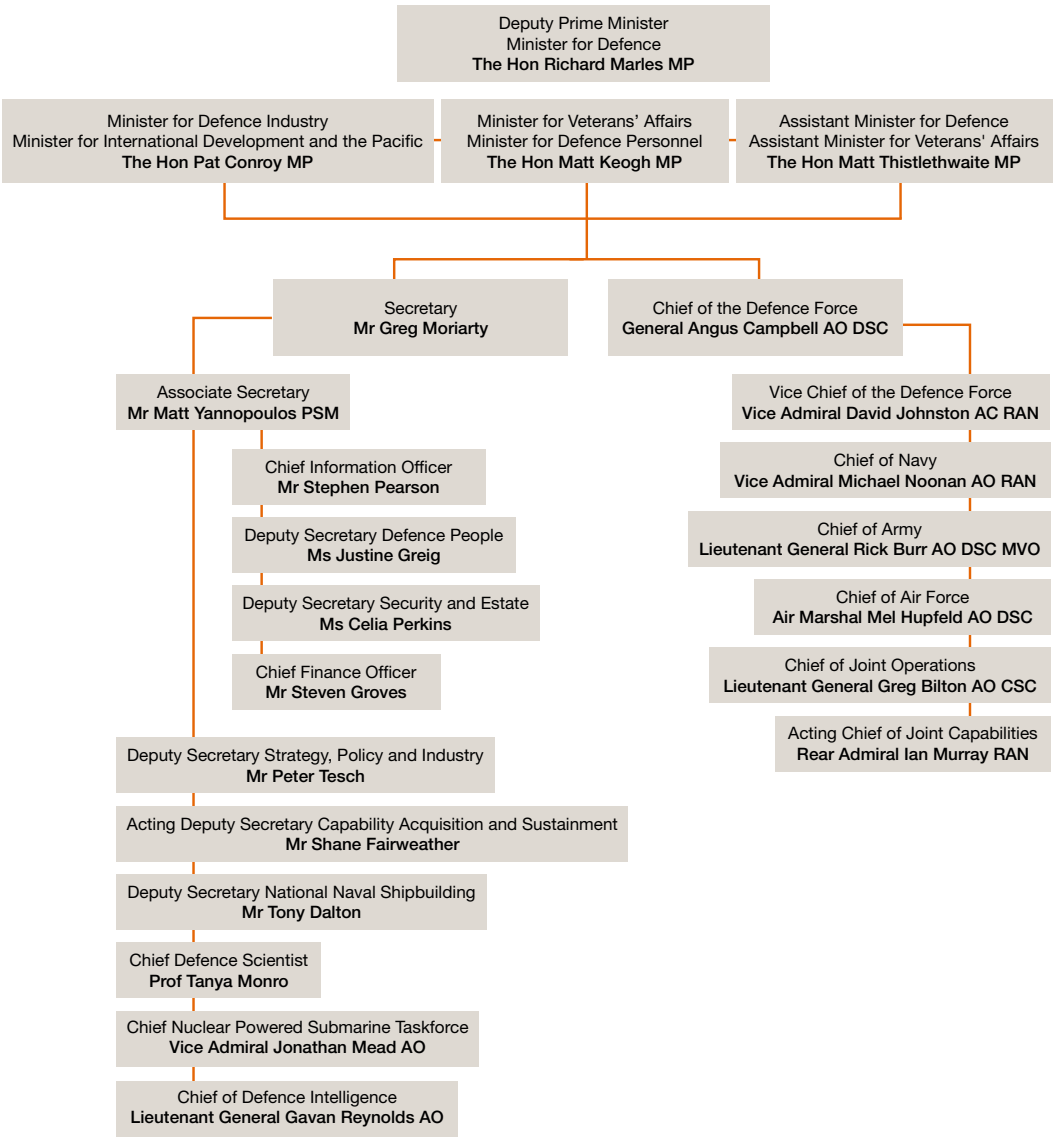
MISSION AND PURPOSE	OUTCOME STATEMENT	BUDGET PROGRAM
To defend Australia and its national interests in order to advance Australia’s security and prosperity.	Outcome 1: Defend Australia and its national interests through the conduct of operations and provision of support for the Australian community and civilian authorities in accordance with Government direction.	1.1 Operations contributing to the safety of the immediate neighbourhood 1.2 Operations supporting wider interests 1.3 Defence contribution to national support tasks in Australia
	Outcome 2: Protect and advance Australia’s strategic interests through the provision of strategic policy, the development, delivery and sustainment of military, intelligence and enabling capabilities, and the promotion of regional and global security and stability as directed by Government.	Departmental 2.1 Strategy, Policy and Industry 2.2 Defence Executive Support 2.3 Defence Finance 2.4 Joint Capabilities 2.5 Navy Capabilities 2.6 Army Capabilities 2.7 Air Force Capabilities 2.8 Australian Defence Force Headquarters 2.9 Capability Acquisition and Sustainment 2.10 Estate and Infrastructure ¹ 2.11 Chief Information Officer 2.12 Defence People 2.13 Defence Science and Technology 2.14 Defence Intelligence Administered 2.15 Defence Force Superannuation Benefits 2.16 Defence Force Superannuation Nominal Interest 2.17 Housing Assistance 2.18 Other Administered

1. From 2022–23 Estate and Infrastructure will be renamed Security and Estate.

Organisational structure

The Secretary of Defence and the Chief of the Defence Force jointly manage Defence as a diarchy. The term 'diarchy' reflects the individual and joint responsibilities and accountabilities of the Secretary and the Chief of the Defence Force in ensuring that Defence meets Australian Government requirements. The manner in which the diarchy operates is described in directions given to the Secretary and the Chief of the Defence Force by the Deputy Prime Minister and Minister for Defence. Figure 2.2 shows the elements and relationships of Defence organisational structure as at 30 June 2022.

Figure 2.2: Defence organisational structure as at 30 June 2022¹



1. This organisational chart is correct as at 30 June 2022. For a more current view visit www.defence.gov.au/about/organisation.

Changes in senior leadership

- On 2 August 2021, Celia Perkins was promoted to Deputy Secretary Estate and Infrastructure.
- On 15 August 2021, Katherine Jones PSM, Associate Secretary, left Defence to take up the appointment as Secretary of the Attorney-General's Department.
- On 24 September 2021, Lieutenant General John Frewen DSC AM was appointed Chief of Joint Capabilities; this appointment is held concurrently with that of Coordinator General National COVID Vaccine Taskforce.
- On 24 September 2021, Vice Admiral Jonathan Mead AO RAN, the previous Chief of Joint Capabilities, was appointed Chief of Nuclear Powered Submarines Taskforce.
- On 4 October 2021, Matthew Yannopoulos PSM was appointed as the Associate Secretary.
- On 1 April 2022, Vice Admiral Stuart Mayer AO CSC and Bar RAN, the previous Deputy Commander United Nations Command Headquarters, Korea, transferred to Reserve Service.
- On 17 May 2022, Steve Grzeskowiak, Deputy Secretary Estate and Infrastructure, retired from the Australian Public Service.
- On 11 June 2022, Mr Tony Fraser AO CSC, Deputy Secretary Capability Acquisition and Sustainment Group, retired from the Australian Public Service.

Table 2.1: Details of accountable authority during the reporting period, 2021–22

Name	Position title / position held	Period as the accountable authority or member within the reporting period	
		Date of commencement	Date of cessation
Greg Moriarty	Secretary	4 September 2017	–

Strengthening our partnerships



Corporal Stewart Selwood and Vanuatu Police Force officers practice using a Barrett 4090 high-frequency radio at Cook Barracks in Port Vila, Vanuatu. CREDIT: Corporal Robert Whitmore

Australia's security is intertwined with that of our Pacific family and regional partners.

Defence is working together with countries across the Indo-Pacific to build a secure, stable, and prosperous region.

Under the Defence Cooperation Program, the Australian Defence Force and Vanuatu Police Force work together on maritime security, humanitarian assistance and disaster relief, security infrastructure, and strengthening people-to-people links. The Australian Defence Force delivered training and mentoring in Port Vila, Vanuatu, through a three-week program in November 2021. Approximately 22 Australian Defence Force personnel, primarily from the Australian Army's 7th Combat Brigade based in Brisbane, formed the Mobile Training Team. They delivered training to more than 100 members from across the Vanuatu Police Force. This included leadership development, vehicle maintenance, armourer training, fitness, humanitarian assistance and disaster relief planning, public affairs, and photography skills.

Australia has a longstanding partnership with Solomon Islands. Under the 2017 Bilateral Security Treaty, Defence and associated civilian personnel have been deployed rapidly to support the Solomon Islands in response to security threats and natural disasters. Following the outbreak of civil unrest in Honiara in November 2021, Australia received a formal request for assistance from the Solomon Islands Government. With the Australian Federal Police leading Australia's contribution, around 100 Australian Defence Force personnel were deployed to Solomon Islands to support the Royal Solomon Islands Police Force to restore security and stability in the capital, Honiara.

The Australian Defence Force deployed significant capability as part of Operation TONGA ASSIST 2022 following the eruption of the Hunga Tonga-Hunga Ha'apai underwater volcano and the subsequent tsunami in January 2022. Eight aerial surveillance flights to assess damage, 24 Air Force sustainment flights to deliver humanitarian stores, and more than 600 personnel on board landing helicopter dock HMAS *Adelaide*

were provided in support to Tonga. Facilitating a Pacific family response, 51 members of the Republic of Fiji Military Forces and nine members of the French Armed Forces in New Caledonia were resupplied by HMAS *Supply* and replaced by HMAS *Canberra*. In total, the Australian Defence Force delivered more than 370 tonnes of humanitarian assistance and disaster relief supplies to Tonga.

“Australia does what we have always done, working together with allies and partners, seeking as much cooperation as possible to maintain a free and open Indo-Pacific.”

**General Angus J Campbell AO DSC,
Chief of the Defence Force**

Defence has a strong and enduring partnership with Papua New Guinea. 25 Australian Defence Force personnel were deployed in October 2021

to provide health, logistics and planning support to Papua New Guinea’s response to the COVID-19 pandemic. In June 2022, at Papua New Guinea’s request, more than 130 Australian Defence Force and three Air Force aircraft deployed on Operation KIMBA to provide transport and logistics support to Papua New Guinea’s national elections.

Southeast Asia sits at the heart of the Indo-Pacific, and is critical to Australia’s security and prosperity. We enjoy deep and enduring defence partnerships in the region, and share a vision for an open, inclusive, and resilient region with ASEAN at its core. Australia remains committed to the Five Power Defence Arrangements, which have been an anchor of regional security for more than 50 years. Australia is tightening its military ties across the region, building on a strong program of education and training, exercises, and people-to-people links. The Australian Defence Force is supporting the redevelopment of jointly-used facilities at Royal Malaysian Air Force Base Butterworth, working closely with Singapore to develop military training areas in Queensland, and deepening the complexity of our exercises with Indonesia. •

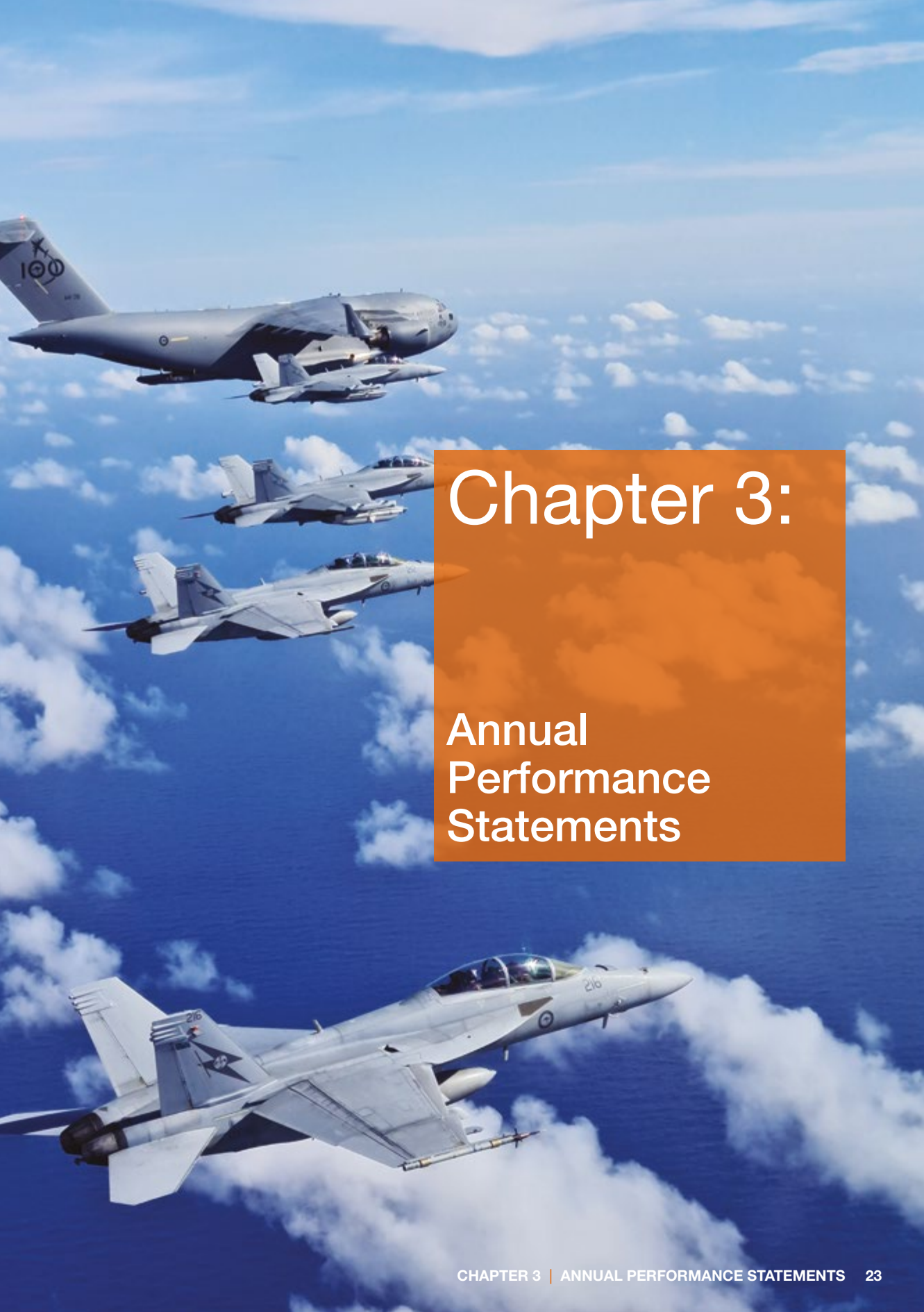


Gunner Wouter Gronum leads members of the Vanuatu Police Force through stretches after a physical training session at Cook Barracks in Port Vila, Vanuatu. CREDIT: Corporal Robert Whitmore

FLIGHTS OF FORMATION

EA-18G Growlers from No. 6 Squadron and F/A-18F Super Hornets from No. 1 Squadron conduct air-to-air formation flying with a C-17A Globemaster III aircraft from No. 36 Squadron, off the coast of South East Queensland.
CREDIT: Unknown





Chapter 3:

Annual Performance Statements

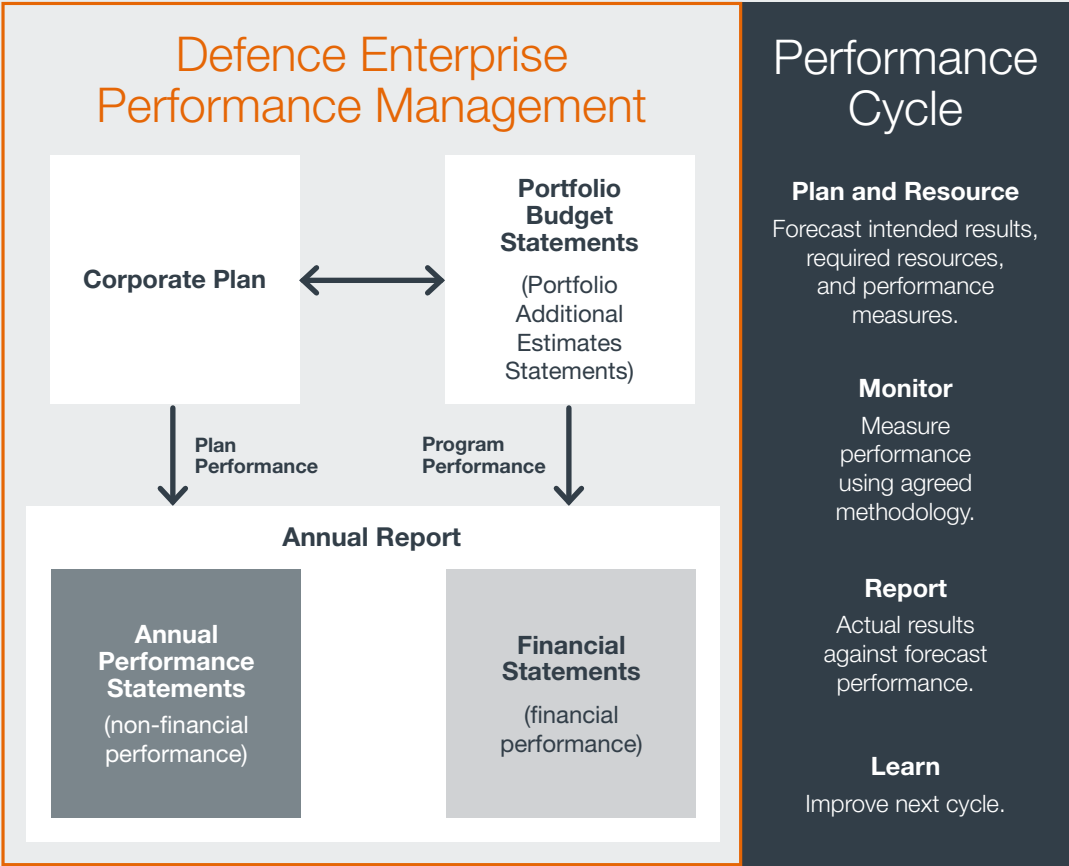
Introduction

Defence's enterprise performance management is designed to ensure alignment between Government direction, strategy, resources, and capability to achieve the Mission and Purpose of Defence.

The annual performance statements for 2021–22 provide an assessment of Defence's performance against the performance criteria set out in the 2021–25 *Defence Corporate Plan* (updated March 2022) and listed in the *Portfolio Budget Statements 2021–22* and the *Portfolio Additional Estimates Statements 2021–22*.

Figure 3.1 demonstrates the relationship of the annual performance statements with the other elements of Defence's performance management approach.

Figure 3.1: Defence enterprise performance management



2021–22 Performance overview

The 2021–22 annual performance statements outline Defence's achievement in support of the organisation's Mission and Purpose.

Our Mission and Purpose is to defend Australia and its national interests in order to advance Australia's security and prosperity.¹

In 2021–22 Defence had two outcome statements that describe what the Government required Defence to achieve using the resources allocated through the Commonwealth budget process. Defence's outcomes are:

OUTCOME 1:

Defend Australia and its national interests through the conduct of operations and provision of support for the Australian community and civilian authorities in accordance with Government direction.

All performance criteria under Outcome 1 were assessed as Achieved in 2021–22.

During 2021–22, Defence continued to conduct operations and national security support tasks to meet Government-directed outcomes. Over the reporting period, operations met stated objectives and Government intent, demonstrated the ability of the Joint Force to operate in interagency and multinational environments, and ensured successful delivery of National Security and Defence Support to the Civil Community tasks – all in line with anticipated targets.

During the reporting period, Defence enhanced Australia's regional posture and partnerships through the continuation of airborne maritime surveillance missions in Southeast Asia and the South West Pacific.

Defence's operations in Australia's immediate region included supporting the Government and people of Tonga following the eruption of the Hunga Tonga-Hunga Ha'apai underwater volcano on 15 January 2022 and the subsequent tsunami. Through Operation LILIA, Defence contributed to the whole-of-Australian Government response to the unrest in Solomon Islands by providing logistical, medical, communications, and airlift support to the Solomon Islands International Assistance Force.

Outside the Indo-Pacific, Defence continued to conduct operations to defend Australia's national interests. Defence supported enduring coalition and United Nations operations in the Middle East and Africa and enforced United Nations' sanctions against the Democratic People's Republic of Korea.

In response to Russia's unlawful invasion of Ukraine, Australia has joined the international community in providing financial and materiel support to the Ukrainian Government and its armed forces. Australia has committed almost \$385 million in military assistance to Ukraine. Defence's efforts complement Australia's sanctions regime, economic measures, and humanitarian support to Ukraine.

From 18 to 26 August 2021, Defence deployed five aircraft and 300 personnel to assist in the Afghanistan Evacuation, on top of the 400 personnel already deployed to the Middle East. 4,168 Australian citizens, permanent residents, visa holders, and approved foreign nationals were evacuated on 32 flights from Kabul.

2021–22 also saw Defence continue to provide support to the Australian community. Under Operation COVID-19 ASSIST this included:

- planning support and contact tracing teams;
- non-urgent ambulance driving for the Victorian Government;
- medical assistance throughout Australia and the Indo-Pacific;
- quarantine compliance monitoring; and
- support for the aged care sector.

Defence also supported the Western Australian Government's bushfire response in late 2021 and early 2022 and the Queensland, New South Wales, and South Australian Government's responses to major flooding.

1. Defence has aligned its Mission and Purpose to ensure the organisation is focused on delivering for the Australian Government and the Australian people.

OUTCOME 2:

Protect and advance Australia's strategic interests through the provision of strategic policy, the development, delivery and sustainment of military, intelligence and enabling capabilities, and the promotion of regional and global security as directed by Government.

Of the performance criteria under Outcome 2, 11 were Achieved, five were Substantially Achieved and four were Partially Achieved in 2021–22.

The *2020 Defence Strategic Update* signaled Australia's ability and willingness to project military capability to deter actions against us. In 2021–22, Defence continued to implement the Defence Strategic Update's three Government-directed strategic objectives it outlines:

- To deploy military power to **shape** Australia's strategic environment;
- To **deter** actions against our interests; and
- When required, **respond** with credible military force.

As the strategic environment changed through 2021–22, Defence utilised its Strategy Framework to keep strategic policy settings under regular review, ensuring Defence continued to deliver on these objectives.

Defence pursued a focused program of international engagement throughout the reporting period, including through regional exercises and bilateral and multilateral activities conducted with allies and partners. These engagements positioned Defence well to deliver its strategic objectives and contributed to supporting the international rules-based order and maintaining regional security and stability.

The announcement of the AUKUS trilateral security pact on 16 September 2021 was a tangible demonstration of Defence strategic policy advice and international engagement protecting and advancing Australia's strategic interests. The agreement opened up new avenues for trilateral collaboration and advanced military capability and technology development.

Defence maintained strong relationships with partners in the Indo-Pacific region and continued to enhance cooperative engagement and interoperability to meet shared challenges. The United States alliance continued to grow and strengthen through enhanced force posture cooperation, announced at AUSMIN 2021. The signing of a reciprocal access agreement with Japan represented a major milestone in the development of this increasingly important Defence relationship.

Throughout 2021–22, Defence continued to refine and prioritise its Integrated Investment Program through the delivery of Biannual Updates to Government. Through these updates, Defence ensured that its projects and programs focused on the capability required by Australia's dynamic strategic environment. Australia's decision to pursue a nuclear-powered submarine program is a high-profile example of how Defence has pivoted its acquisition program to respond to a deteriorating strategic environment.

Defence also worked to ensure that science and technology research delivered benefits for Defence capability programs. In 2021–22, Defence's Next Generation Technologies Fund facilitated new and continuing research activities worth more than \$69 million focused on developing game-changing technologies and enabling Australian industry and academia support to future Defence capability.

In 2021–22, Defence advanced a range of defence industry policy initiatives to help build a robust, resilient and internationally competitive sovereign industrial base capable of supporting the delivery of a more agile and potent Australian Defence Force. Four additional Sovereign Industrial Capability Priority Implementation Plans were developed, with two close to public release. These plans will provide clear advice to industry on priority areas for Defence and maximised opportunities for Australian small to medium sized businesses in Defence materiel, non-materiel and infrastructure projects. Defence also continued to support defence industry skilling requirements through the implementation of a suite of Defence industry and skilling STEM strategy initiatives. Australian defence industry exports and industrial base collaboration with international partners continued to grow and mature.

Further consolidation of the Defence Intelligence Enterprise during the reporting period resulted in the delivery of fused intelligence in support of Defence and whole-of-government outcomes, particularly in response to shifts in the strategic environment. The delivery or further progression of key projects enhanced intelligence capability to ensure intelligence enabled operations.

Performance transformation

In 2022, Defence commenced a major transformation of performance measurement and reporting. New whole-of-Defence key activities, performance measures and targets will be introduced in the 2022–26 Defence Corporate Plan.

Defence's new approach to performance measurement will create a clearer line of sight between the Defence Mission and Purpose, outcomes, strategic objectives, and the key activities the organisation undertakes to deliver on Government requirements. It will improve the clarity, transparency, and focus of Defence performance reporting.

Statement of preparation

As the accountable authority of the Department of Defence, I present the 2021–22 Annual Performance Statements of the Department of Defence, as required under paragraph 39(1)(a) and (b) of the *Public Governance, Performance and Accountability Act 2013*. 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 *Public Governance, Performance and Accountability Act 2013*.



Greg Moriarty
Secretary of Defence
29 September 2022



USS Oklahoma City visited Fleet Base West when the United States submarine participated in a Submarine Command Course alongside a RAN Collins Class submarine. Oklahoma City, SSN 723, is a Los Angeles Class Attack Submarine. CREDIT: Unknown

Reading the Annual Performance Statements

For 2021–22, Defence has adopted a four-tier rating system to assess achievement against the 21 performance criteria.

- **Achieved:** Performance is Achieved where all sub-measures are Achieved.
- **Substantially Achieved:** Performance is Substantially Achieved where some sub-measures are Achieved and some sub-measures are Partially Achieved.
- **Partially Achieved:** Performance is Partially Achieved where:
 - All sub-measures are Partially Achieved; or
 - At least one but not all sub-measures are Not Achieved.
- **Not Achieved:** Performance is Not Achieved where all sub-measures are Not Achieved.

The performance against each criterion is organised around the sub-measures, or where appropriate the target, to increase readability. This provides visibility as to how each performance criteria assessment has been determined.

In 2021–22, a more robust approach to data collection, assessment and reporting has been introduced to strengthen the reliability and accuracy of Defence’s annual performance statements.

PERFORMANCE CRITERION 1	Conduct operations and national security support tasks which achieve Government-directed outcomes.	
Annual Target	All Government-directed outcomes are met and expected outcomes achieved.	
Source	2021–25 Defence Corporate Plan	
	Portfolio Budget Statements 2021–22	Program/s: 1.1, 1.2, 1.3
Results	Achieved	
Analysis	<p>During 2021–22, Defence continued to conduct operations and national security support tasks to meet Government-directed outcomes. Defence has assessed that performance against this criterion has been achieved as the target, which incorporates all four sub-measures, has been assessed as achieved.</p> <p>1. All Government-directed outcomes are met and expected outcomes achieved – Achieved.</p> <p>Over the reporting period, operations met stated objectives and Government intent. They demonstrated the ability of the Joint Force to operate in interagency and multinational environments. This ensured successful delivery of National Security and Defence Support to the Civil Community tasks.</p> <p>In response to Russia’s unlawful invasion of Ukraine, Australia has joined the international community in providing financial and materiel support to the Ukrainian Government and its armed forces. Australia has committed almost \$385 million in military assistance to contribute to Ukraine’s needs on the battlefield to repel Russia’s advance. Australia continues to provide a steady flow of military assistance to Ukraine with delivery of commitments made in this reporting period continuing into 2022–23. Defence’s efforts complement Australia’s sanctions regime, economic measures and humanitarian support to Ukraine.</p> <p>Over 2021–22, Defence experienced a high-tempo and concurrency of tasks, combined with the ongoing impacts of COVID-19. Despite this, Defence’s operations and activities were completed in-line with Government direction and expected outcomes were achieved.</p>	

The following Defence operations were undertaken in 2021–22.

SOUTH PACIFIC

Operation ENHANCED REGIONAL ENGAGEMENT

Operation ENHANCED REGIONAL ENGAGEMENT is Defence's support to the South West Pacific. In this reporting period, the Australian Defence Force provided a near continuous presence in the South West Pacific with numerous deployments of land, air and maritime assets and personnel across the region. Tasks included construction of an emergency radio network in Vanuatu and construction of the Blackrock military training facility in Fiji.

The Australian Defence Force supported the Department of Foreign Affairs and Trade-led whole-of-government response to the COVID-19 pandemic across the South West Pacific region including delivering humanitarian aid, COVID-19 vaccines and medical supplies to Solomon Islands, Fiji and Tuvalu.

Operation TONGA ASSIST 2022

Operation TONGA ASSIST 2022 was the Defence contribution to the whole-of-government effort to support the Government and people of Tonga following the eruption of the Hunga Tonga-Hunga Ha'apai underwater volcano on 15 January 2022 and the subsequent tsunami. The operation concluded on 30 April 2022.

Operation SOLANIA (South West Pacific)

Operation SOLANIA is the Defence contribution to maritime surveillance within the Pacific Region. Defence supports four planned activities across the year, with a minor war vessel and/or a maritime surveillance aircraft, as well as embedded support staff within the Forum Fisheries Agency in Honiara, Solomon Islands.

Operation LILIA

Operation LILIA is the Defence contribution to the whole-of-government response to the unrest in Solomon Islands, following a request for assistance from the Solomon Islands Government under the 2017 Bilateral Security Treaty. The Australian Defence Force provides logistical, medical, communications and airlift transport support to the Solomon International Assistance Force.

Operation RENDER SAFE (Solomon Islands)

Operation RENDER SAFE is a series of activities disposing of World War II vintage explosive remnants of war from South Pacific island nations. Operations occur approximately annually, or in response to an urgent request from a Pacific island nation. There were no Operation RENDER SAFE deployments in 2021 due to COVID-19 travel restrictions, however, Defence conducted reconnaissance activities in Nauru during May and June 2022.

INDO-PACIFIC**Operation PNG ASSIST 21-1**

Operation PNG ASSIST 21-1 was the Defence mission supporting the Department of Foreign Affairs and Trade-led whole-of-government response to the COVID-19 pandemic in Papua New Guinea. The operation commenced 16 March 2021.

Defence had two teams deployed to Papua New Guinea to assist with their national COVID-19 response. One team was embedded within the Papua New Guinea Department of Health supporting pandemic response planning. A second team was embedded within the Papua New Guinea Defence Force, supporting the Papua New Guinea Defence Force vaccination program. The Australian Defence Force also transported medical teams, COVID-19 vaccines, medical equipment and medical supplies. Defence's commitment to this operation concluded on 27 April 2022.

Operation KIMBA

Operation KIMBA is the Defence contribution to the Department of Foreign Affairs and Trade-led, whole of Australian Government support, to the safe and secure conduct of elections in Papua New Guinea.

Operation INDO-PACIFIC ENDEAVOUR

Operation INDO-PACIFIC ENDEAVOUR is Defence's annual activity to strengthen Australia's engagement and partnerships with regional security forces across the Indo-Pacific. INDO-PACIFIC ENDEAVOUR 21 strengthened Australia's engagement and partnerships with regional security forces in Southeast Asia. The operation promoted security and stability through bilateral and multilateral engagement, training and capacity building. The number of personnel deployed on this operation varies each year.

MIDDLE EAST REGION**Operation ACCORDION (Middle East region)**

Operation ACCORDION is Defence's overarching support mission to Operations STEADFAST, OKRA and MANITOU and other Defence activities from within the Middle East region.

Operation OKRA (Iraq/Syria)

Operation OKRA is the Defence contribution to the international Coalition against Daesh in Iraq and Syria. Australia's focus in Iraq is enhancing the capacity of the Iraqi Security Forces to prevent the resurgence of Daesh in Iraq. Despite being territorially defeated, Daesh continues to threaten our security interests. Australia will continue working closely with Coalition partners and the international community to achieve our shared goals of countering Daesh.

Operation MANITOU (Middle East region/maritime area)

Operation MANITOU is the Defence contribution to support international efforts to promote maritime security, stability and prosperity in the Middle East region.

Operation PALADIN (Israel/Lebanon/Syria)

Operation PALADIN is Defence contribution to the United Nations Truce Supervision Organisation whose activities are spread across Egypt, Israel, Jordan, Lebanon and the Syrian Arab Republic.

Operation MAZURKA (Egypt)

Operation MAZURKA is the Defence contribution to the Multinational Force and Observers in Sinai, Egypt.

GLOBAL**Operation ARGOS (North East Asia)**

Operation ARGOS is the Defence commitment to the international effort to enforce United Nations Security Council sanctions on North Korea until it takes concrete steps towards denuclearisation. Defence contributes by assigning platforms for periods to monitor and deter illegal ship-to-ship transfers of sanctioned goods.

Operation GATEWAY (Southeast Asia)

Operation GATEWAY is Defence's enduring contribution to the preservation of regional security and stability in Southeast Asia. Australia's commitment to Operation GATEWAY, including the number of personnel involved, varies periodically with each deployment.

Operation ASLAN (South Sudan)

Operation ASLAN is the Defence contribution of personnel to the United Nations Mission in South Sudan.

Operation LINESMEN (Republic of Korea)

Operation LINESMAN is the Defence contribution to the Inter-Korean peace process, at the request of the United Nations Command. Australian Defence Force personnel assist with the monitoring of Comprehensive Military Agreement activities within the Demilitarised Zone and development of de-mining policy, which aims to reduce tensions on the Korean Peninsula.

Operation BANNISTER (Worldwide)

Operation BANNISTER is the Defence deployment of planning teams to support Australian overseas missions or other activities as required.

Operation ORENDA (Mali)

Operation ORENDA is the Defence contribution to the United Nations Multidimensional Integrated Stabilisation Mission in Mali, known as MINUSMA.

Operation AUGURY-GLOBAL

Operation AUGURY-GLOBAL, established in 2020, consolidates Defence's counter-terrorism related activities from several operations to meet whole-of-government objectives. For example, in Iraq, counter-terrorism activities previously conducted under Operation OKRA have transitioned to Operation AUGURY-GLOBAL (IRAQ).

Operation AUGURY-GLOBAL aims to counter any terrorist threats to Australia and the Indo-Pacific region regardless of their region of origin. As a result of recent history, the majority of international counter-terrorism efforts the Australian Defence Force is currently supporting have a connection to the Middle East region. Through Operation AUGURY-GLOBAL, Defence continues to work closely with its international partners to combat global terrorism. Specific tasks under Operation AUGURY-GLOBAL will generally not be publicly disclosed for operational security reasons. Defence's commitment to countering terrorism and violent extremist organisations has been a matter of public record for many years.

DOMESTIC**Operation CIVIL ASSIST**

Operation CIVIL ASSIST is the annual validation of the Call Out of the Reserve as a Defence contribution to support civil authorities responding to an emergency. 2021 Call Out: Due to COVID-19 restrictions, a tabletop exercise was held on 20 September 2021.

Operation RESOLUTE (Border Protection, including support to Operation SOVEREIGN BORDERS)

Operation RESOLUTE is the Defence contribution to whole-of-government efforts to protect Australia's borders and offshore maritime interests through surveillance and response in the maritime approaches to Australia. As a result of the instability in Sri Lanka and increased threat of illegal maritime activities, the Australian Defence Force provided additional surface, air and ground forces to Maritime Border Command to enhance presence, response and surveillance capability.

Operation DYURRA

Operation DYURRA is the dedicated Defence space operation, which integrates space capabilities, services and effects into wider Defence operations. DYURRA is the word for 'stars' in the Ngunnawal language.

Operation DYURRA integrated Defence space operations with our partners through the United States-led Operation OLYMPIC DEFENDER. This enhanced allied cooperation is strengthening deterrence against hostile actors while improving both interoperability and decision-making superiority. It enhanced understanding of the space environment and Defence's ability to undertake synchronised multi-domain operations, activities and action around the globe.

Operation SOUTHERN DISCOVERY (Antarctica)

Operation SOUTHERN DISCOVERY is the Defence support to whole-of-government activities in the Antarctic Region.

One aerial delivery mission (air-drop) was conducted during August 2021, delivering up to 20 tonnes of essential stores to Mawson Station. The mission involved a C-17A and a KC-30 air-to-air refueller. A further three C-17A missions transported priority stores to Wilkins Aerodrome during the first Air Logistic Support window in November 2021. Two C-17A missions occurred during the second Air Logistic Support window of Austral Summer Period 2021/2022 in February 2022.

Throughout 2021–22, in accordance with Defence Assistance to the Civil Community arrangements, Defence also delivered the following activities/outcomes, including through Operation COVID-19 ASSIST and Operation FLOOD ASSIST 22–1.

Defence engaged across departments and agencies to contribute to operations and activities in direct support of Australia's national security and whole-of-government outcomes. These arrangements are part of a whole-of-government response to support states and territories with assistance where capacity or resources do not exist or are not available in sufficient time.

Defence continues to build relationships with civil authorities to strengthen its responses within the Defence Assistance to the Civil Community framework. This included an extensive liaison officer network across Australia, engaging with all levels of government (federal, state and territory and local) to facilitate and coordinate requests for Defence support.

Defence also maintains a force prepared to meet future contingencies including Defence Assistance to the Civil Community support to emergency responses or recovery actions. An Emergency Support Force comprised of about 130 Australian Defence Force members has been established in each state and territory to provide command and control, engineering, transport and logistics functions.

Civil community support provided during 2021–22 included support to:

- The Australian state and territory governments and jurisdiction agencies to respond to the impacts of COVID-19, including support to residential Aged Care facilities across Australia, and the Victorian Department of Health by providing Australian Defence Force personnel assistance with non-urgent ambulance driving and planning tasks under Operation COVID-19 ASSIST.
- The Western Australian Government in response to the Western Australian bushfires – November 2021 to December 2021 and February 2022.
- The whole-of-government relief and recovery support efforts by establishing Operation FLOOD ASSIST 22–1, February 2022.
- The Queensland Government in response to the major flooding through Operation FLOOD ASSIST 22–1.
- The New South Wales Government in response to major flooding through Operation FLOOD ASSIST 22–1 and subsequent response when previously inundated areas in eastern New South Wales were flooded again.
- The South Australian Government in response to flood-affected remote communities such as Coober Pedy and Prominent Hill – January 2022 to February 2022.
- The Victorian Government in response to a severe weather event that led to flooding in Gippsland, eastern Melbourne and central Victoria – June 2022 to July 2022.

Joint Training

In 2021–22, Defence continued to **train joint forces capable of operating within a joint, interagency and multinational environment**. Several successful multilateral joint training exercises were conducted during the reporting period to enhance Defence's ability to be a force capable of operating within a joint, interagency and multinational environment. Defence performed a wide range of training events. Several successful multinational exercises were conducted with international partners, despite on-going challenges posed by COVID-19.

Key examples include:

- Exercise KOOLENDONG – Conducted between the Australian Army and the United States Marines from Marine Rotational Force-Darwin. Exercise KOOLENDONG was conducted across Darwin, Mount Bundy Training Area and RAAF Curtin and Yampi Sound Training Area. The Exercise focused on enhancing interoperability across warfighting and the ability of the Australian Defence Force and Marine Rotational Force-Darwin to work together to rapidly respond to crises and assist partners in the Indo-Pacific region.
- Exercise RIMPAC – Conducted with Brunei, Canada, France, Japan, Republic of Korea, New Zealand, the Philippines, Singapore and the United States, exercising a wide range of capabilities, such as multinational anti-submarine warfare, maritime intercept operations and live-fire training events, among other cooperative training opportunities. This exercise was a major biennial combined exercise to strengthen international maritime partnerships, enhance interoperability and improve the readiness of participating forces for a wide range of potential operations.
- Exercise COBRA GOLD 22 – Conducted in Thailand. Exercise COBRA GOLD was a United States/Kingdom of Thailand Command Post and Field Training Exercise that the Australian Defence Force participated in. The Command Post Exercise component focused on High End Warfighting. The Exercise was conducted during the period 27 February 2022 to 10 March 2022.
- Exercise TALISMAN SABRE 2021 – A bilateral exercise conducted in Australia, between Australia and the United States with invited partner nations, Canada, the United Kingdom, Japan, the Republic of Korea and New Zealand. It exercised a wide range of capabilities, such as multinational anti-submarine warfare, maritime intercept operations, amphibious landings, land manoeuvre operations and live-fire events, among other cooperative training opportunities. This exercise was Australia's major biennial combined exercise to strengthen international partnerships, enhance interoperability and improve the readiness of participating forces for a wide range of potential operations.

PERFORMANCE CRITERION 2	Defence maintains future-focused strategic policy to guide Defence initiatives and address strategic risks.	
Annual Target	Strategic policy reflects the evolving geostrategic environment and aligns with and shapes Government objectives.	
Source	<i>2021–25 Defence Corporate Plan</i>	
	<i>Portfolio Budget Statements 2021–22</i>	Program/s: 2.1
Results	Achieved	
Analysis	<p>In 2021–22, Defence worked to ensure strategic policy reflected the evolving geostrategic environment, and aligned with, and shaped Government objectives. Defence has assessed that performance against this criterion has been achieved as four out of four sub-measures have been assessed as achieved.</p> <p>1. Defence strategic policy and risk reviews inform decision-making to ensure strategy, capability and resources are aligned to Government priorities – Achieved</p> <p>Defence continued the implementation of the three Government-directed strategic objectives outlined in the <i>2020 Defence Strategic Update</i> to shape its strategic environment, deter actions against Australia's interests and respond with credible military force when required.</p> <p>The Strategic Risk Review completed biannually, informed Defence's decision-making process as it responded to the changing strategic environment. These Reviews guided Defence leadership as they considered elements of force design, generation and employment. This process supported Defence in aligning strategy, capability and resources.</p> <p>2. Defence Planning Guidance annual updates guides Defence planning and is consistent with Government objectives – Achieved</p> <p>Defence continued to maintain future-focused strategic policy to guide initiatives and address strategic risks. A key driver of future –focused strategic policy was the annual classified <i>Defence Planning Guidance</i> and the Strategic Risk Review process. The updates to these documents support Defence's alignment to Government objectives.</p> <p>3. Positive feedback from Ministers – Achieved</p> <p>During the year, approximately 630 policy advice requests for international and industry policy and engagement, strategic policy and capability decision-making were submitted for ministerial action compared to approximately 1,400 reported in 2020–21. This decrease in number from 2021 reflects the caretaker and election period. This advice continued to receive positive feedback from Ministers across the reporting period.</p> <p>4. Defence meets its regulatory reporting requirements – Achieved</p> <p>In 2021–22, Defence continued to deliver against the regulatory reporting requirements through the management of the Woomera Prohibited Area and the associated Board. Regulatory requirements were met through the issuing of 24 access permits and approving the status of 1,050 personnel.²</p>	

2. Defence notes that the same regulatory reporting requirements are covered under Performance Criterion 2 and Performance Criterion 3.

PERFORMANCE CRITERION 3	Defence protects and advances Australia's interests globally to address current and future challenges.	
Annual Target	Defence international engagement priorities are met.	
Source	<i>2021–25 Defence Corporate Plan</i>	
	<i>Portfolio Budget Statements 2021–22</i>	Program/s: 2.1
Results	Achieved	
Analysis	<p>In 2021–22, Defence has worked to protect and enhance Australia's interests globally to address current and future challenges and meet its international engagement priorities. Defence has assessed that performance against this criterion has been achieved as three out of three sub-measures have been assessed as achieved.</p> <p>1. Australia's strategic position is enhanced through international engagement by Defence – Achieved</p> <p>Defence has continued to pursue a focused program of international engagement, through both policy and operational activities, throughout 2021–22. This engagement positioned Defence to deliver strategic policy objectives outlined in the <i>2020 Defence Strategic Update</i> – shape Australia's strategic environment, deter actions against Australia's interests and respond with credible military force, when required.</p> <p>Defence has maintained and further developed relationships with key partners, both in the Indo-Pacific and globally. In particular, relations with the United States, United Kingdom and Japan through bilateral and multilateral agreements have been enhanced over the reporting period, further supporting Australia's global interests.</p> <p>In 2021–22, Defence has successfully completed a number of initiatives to support international engagement priorities, including continuing to deliver international education services, resuming multinational Logistic Working Groups, contributing to international forums and continuing the Pacific Sports Program virtually.</p> <p>COVID-19 has had a significant impact on international activities over the last two reporting periods but as restrictions eased over 2021–22, there have been improvements in Defence's ability to pursue international engagements.</p> <p>2. All policy advice is assessed by stakeholders to be of high quality and timely (Target: > 90 per cent meet time deadlines and meet stakeholder requirements) – Achieved</p> <p>Defence's policy advice has been well received by stakeholders over the reporting period due to its timeliness and high quality.</p> <p>3. Defence meets its regulatory reporting requirements – Achieved</p> <p>In 2021–22, Defence continued to deliver against its regulatory reporting requirements through the management of the Woomera Prohibited Area and the associated Board. Regulatory requirements were met through the issuing of 24 access permits and approving the status of 1,050 personnel³.</p>	

3. Defence notes that the same regulatory reporting requirements are covered under Performance Criterion 2 and Performance Criterion 3.

PERFORMANCE CRITERION 4	Defence engages industry to enhance support of sovereign capability.	
Annual Target	Defence Industry Policy Statement	
Source	<i>2021–25 Defence Corporate Plan</i>	
	<i>Portfolio Budget Statements 2021–22</i>	Program/s: 2.1
Results	Achieved	
Analysis	<p>In 2021–22, Defence has engaged industry to enhance support for sovereign capability. Defence has assessed that performance against this criterion has been achieved as two out of two sub-measures have been assessed as achieved. One sub-measure is unable to be assessed and as such has been excluded from the overall assessment.</p> <p>1. Number of significant Defence industry interactions – Achieved</p> <p>In this reporting period, Defence advanced a range of industry policy initiatives to help build a robust, resilient and internationally competitive sovereign industrial base capable of supporting the delivery of a more agile and potent Australian Defence Force. Additionally, Defence continued to work to better measure Australia's defence industrial base and improve assessment of how it supports sovereign capability.</p> <p>Sovereign Industrial Capability Priorities focus on areas that are operationally critical to the Defence mission; priorities within the Integrated Investment Program over a three to five year period; or those in need of more dedicated monitoring, management, and support due to their industrial complexity, Government priority, or requirements across multiple capability programs. The Priorities focus on technologies rather than companies or products to encourage innovation and new developments across the Integrated Investment Program capability streams and individual projects. Four additional Sovereign Industrial Capabilities Priorities were announced on 26 August 2021 to reflect the changing strategic environment and evolving capability needs as articulated in the <i>2020 Defence Strategic Update</i> and <i>2020 Force Structure Plan</i>. This brought the total number of Sovereign Industrial Capabilities Priorities to 14. These new Priorities better encapsulate the current capability demands on defence industry.</p> <p>The Australian Defence Export Office continued to engage with international militaries and defence industry companies virtually to support Australian companies during the COVID-19 pandemic. Over 200 unique Australian companies were supported to participate in virtual and in-person tradeshows.</p> <p>Export assessments continued to reflect the Government's commitment to developing a strong, sustainable and internationally competitive sovereign industrial base, together with Australia's obligations regarding the export of controlled goods and technology.</p>	

Analysis (continued)

2. Number of Australian companies involved in Defence procurement – Unable to be Assessed

Defence is unable to assess and report on this sub-measure, and it has not been used in the overall assessment of this criterion as there was no available reliable data on the number of Australian companies involved in Defence procurement as it specifically related to support of sovereign capability. Defence is working to identify appropriate data sources to address this issue in future reporting periods.

3. Value of contracts awarded to Australian companies – Achieved

Defence Innovation Hub contracts have continued to support the development of an innovative Australian defence industry base. There has been further progress transitioning Hub-developed technologies into acquisition pathways. Defence Innovation Hub projects are increasingly reaching higher levels of technological maturity on completion of the contract, with growing investment in larger multi-year contracts in 2021–22 compared to previous years. There was \$139 million (GST exclusive) invested across 64 contracts in 2021–22, compared to \$107 million on 47 contracts in 2020–21.

PERFORMANCE CRITERION 5

Defence maintains intelligence analysis and capability to deliver Government and Defence strategic objectives.

Annual Target

Intelligence service and capabilities are delivered according to Government priorities.

Source

2021–25 Defence Corporate Plan

Portfolio Budget Statements 2021–22

Program/s: 2.14

Results

Achieved

Analysis

In 2021–22, Defence has worked to maintain intelligence analysis and capability to deliver Government and Defence strategic objectives. Defence has assessed that performance against this criterion has been achieved as two out of two sub-measures have been assessed as achieved.⁴

1. Intelligence is timely, relevant and meets Defence and national security stakeholder requirements – Achieved⁵

The Defence Intelligence Group provided timely, relevant, strategic-level intelligence assessments in support of Defence operations and Defence and whole-of-government policy development and decision-making on national security issues. In accordance with Government priorities, delivery was sustained through flexible staffing arrangements in response to the COVID-19 pandemic.

The Joint Intelligence and Joint Geospatial Programs are investing in the integration of intelligence, surveillance and reconnaissance data to enable the sourcing, production and sharing of intelligence. Additional investments in training, joint skilling and security are planned for future reporting periods. In 2021–22, Defence has conducted planning for the proposed upgrade to joint training facilities to ensure that the needs of a larger intelligence workforce can be met.

4. The Defence Intelligence Enterprise Reform Implementation Plan was fully implemented prior to the reporting period. As a result, this sub-measure has not been included in the assessment of this criterion.

5. Defence notes that the definitions for timeliness and relevance are classified and have been assessed according to these definitions.

Analysis (continued)	<p>2. Delivery of Defence intelligence capabilities is aligned with project milestones – Achieved</p> <p>Capability projects were progressed across the reporting period as well as Portfolio Budget Statement projects for nautical charting and hydrographic survey.</p> <p>The sensitive nature of intelligence analysis and capability limits the performance information that can be provided in the Annual Performance Statements. The Parliamentary Joint Committee on Intelligence and Security also conducts an annual review of the performance of intelligence agencies within the Defence Intelligence Group in respect to their administration and expenditure to ensure effectiveness and compliance.</p>
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PERFORMANCE CRITERION 6	Defence designs the future force to address strategic risks.	
Annual Target	Our future joint force is designed, integrated and developed through the analysis of strategic policy and risk.	
Source	<i>2021–25 Defence Corporate Plan</i>	
	<i>Portfolio Budget Statements 2021–22</i>	Program/s: 2.8
Results	Achieved	
Analysis	<p>In this reporting period, Defence sought to further align strategy, capability and resourcing, in accordance with Government objectives. Defence has assessed that performance against this criterion has been achieved as the target, including the sub-measure, has been assessed as achieved.</p> <p>1. Our future joint force is designed, integrated and developed through the analysis of strategic policy and risk – Achieved</p> <p>The key strategy documents which informed Defence's alignment of strategy, capability and resources were the <i>2020 Defence Strategic Update</i> and the <i>2020 Force Structure Plan</i>.</p> <p>The Force Design Cycle summarises how Defence delivers a strategy-aligned, affordable and achievable future force. It includes a detailed plan for major investments and options to ensure that activities in support of the joint force are aligned to the capability requirements outlined in the <i>2020 Defence Strategic Update</i>, the <i>2020 Force Structure Plan</i> and with Defence's strategic policy and strategic risk environment. Governance of Defence's force design processes continued through the actions of Defence's Investment Committee and Joint Warfare Committee. Force design was supported by the development of concepts that identify future opportunities and challenges in the longer term and potential capability solutions to military problems.</p> <p>In 2021, the Government agreed to a range of enhancements to the Defence approval process and the Biannual Updates process for the Integrated Investment Program. This is accelerating delivery schedules by reducing approval timelines between Investment Committee consideration and Government consideration by four to six months.</p> <p>The Defence Capability Assessment Program also continued to support Biannual Updates to Government on the implementation of the Integrated Investment Program and its active management to reflect dynamic Government strategic and domestic Defence capability priorities.</p>	

Analysis (continued)

Alignment between the various elements of force design is maintained through the One Defence Capability Model and System, which ensures that activities in support of the joint force are aligned to capability requirements as outlined in the *2020 Defence Strategic Update* and the *2020 Force Structure Plan*. Defence continued to evolve the One Defence Capability System across the reporting period, seeking further efficiencies in policy and governance and enhancing its capability learning and development program.

The Defence Capability Assessment Program continued to provide analysis to underpin requirements for Government-directed workforce changes to support future capability growth, as foreshadowed in the *2020 Force Structure Plan*. This culminated in 2021–22 with Government consideration of critical workforce growth requirements. On 10 March 2022, the Government announced that the Defence workforce was to grow over the next two decades, to over 101,000 – an increase of 18,500 over the baseline growth already agreed in the *2020 Force Structure Plan*.

In order to address the rapidly changing strategic environment, outlined in the *2020 Defence Strategic Update*, and deliver on the large number of complex capabilities set out in the *2020 Force Structure Plan*, Defence must continue to build the skills, knowledge and professionalisation of its personnel. In March 2022, Defence released its Capability Learning and Development Strategy, designed to support a knowledgeable and skilled workforce capable of adapting and responding to the challenges of the future and effectively deliver the *2020 Defence Strategic Update* and the *2020 Force Structure Plan*.

Supporting the One Defence Capability System, and part of the policy framework, is test and evaluation which is a fundamental element of managing capability. It is used to inform risk-based capability decisions, from consideration of concepts, through requirements setting, acquisition, introduction into service, whilst in-service and through to disposal. In September 2021, Defence released the Test and Evaluation Strategy. The strategy provides a vision for test and evaluation across Defence and articulates its desired 2030 future state.

Additionally, Defence continued the implementation and management of the Capability Program Architecture Framework – another key part of the One Defence Capability Model. The Capability Program Architecture includes 35 capability programs aligned to five Domains (Maritime, Land, Air, Space, and Information and Cyber) and each of these domains has an assigned Capability Manager. The benefit of the Capability Program Architecture is that it provides clearer accountabilities and responsibilities across Defence, ensuring that capability outcomes are better prioritised and optimised. Capability Program Architecture implementation will facilitate more effective identification and management of risk and enhance Defence's ability to adapt and respond to changing strategic circumstances.

PERFORMANCE CRITERION 7	Defence anticipates and exploits advances in science and technology for future Defence capability.	
Annual Target	<ul style="list-style-type: none"> Stakeholders are satisfied with the balance of investment in strategic research Strategic research delivers benefit for Defence capability Pathways are established to enable Defence innovation 	
Source	2021–25 Defence Corporate Plan	
	Portfolio Budget Statements 2021–22	Program/s: 2.13
Results	Substantially Achieved	
Analysis	<p>Over the reporting period, Defence continued its investment in science and technology to understand how science and technology advances can be used for future capability. Defence has assessed that performance against this criterion has been substantially achieved as one out of two sub-measures has been assessed as achieved and one sub-measure has been assessed as partially achieved.</p> <p>1. > 80 per cent of stakeholders are satisfied with strategic research support to their programs – Achieved</p> <p>The Investment Committee approved investments in Defence science and technology activities in August 2021 and a poll of Executive and Senior Executive level stakeholders⁶ indicated 88 per cent were satisfied with the strategic research support being provided to their programs. This met the target of more than 80 per cent.</p> <p>2. The Benefits Management Framework is applied to Defence innovation programs – Partially Achieved</p> <p>To measure the benefits created from our science and technology investment, the Benefits Management Framework for Defence Innovation has been applied to the Next Generation Technologies Fund and Defence Innovation Hub and the results reported to the Investment Committee. During the reporting period, the review of the Science, Technology and Research Shots against the Benefits Management Framework was postponed. This was to allow the governance arrangements to mature and guide the Science, Technology and Research Shots as they transition from establishment activities into demonstrating new capabilities for Defence. This postponement limited the full achievement of this Performance Criterion. However, with benefits management empowering researchers to articulate and realise the impact of new knowledge, mission-directed strategic research programs are raising awareness among Defence Sponsors and stakeholders of advances in science and technology. Together, these activities are creating opportunities for Defence to achieve a capability edge that will enable the warfighter.</p> <p>In 2021–22, the Next Generation Technologies Fund facilitated new and continuing research activities worth more than \$69 million to develop game-changing technologies and to enable Australian industry and academia to advance future Defence capability. This included, promoting the entry and participation of Australian small and medium enterprises in the Defence innovation ecosystem, which enabled a small Australian cyber security start-up to pursue promising technologies and grow from two to eight employees with two more in the pipeline. Its novel cyber security tool is being used by Defence to monitor vulnerabilities in its software, ensuring that critical programs are safe from cyber-attack.</p>	

6. The stakeholders surveyed included staff at the Executive Level 2/O6 level and Band 1/1 Star level.

Analysis (continued)

Pathways for the outcomes of the research undertaken through the Next Generation Technologies Fund are being created by the Science, Technology and Research Shots. The Next Generation Technologies Fund supported a team of Australian universities to work via the Quantum Research Network to develop a compact, portable quantum clock. Guided by the Quantum Assured Position, Navigation and Timing Science, Technology and Research Shot, the team has delivered two operational models to Defence for further testing and optimisation as part of a \$5.2 million contract over three years.

Co-development with industry is also accelerating the transition of innovative new technologies into Defence capability to keep pace with a rapidly changing strategic environment. With funding partly through the Next Generation Technologies Fund, Defence partnered with a global technology company to design and develop extra-large autonomous undersea vehicles. Under the collaborative arrangement, Defence scientists, Navy personnel and industry robotics specialists have planned to work together to produce three prototype extra-large autonomous undersea vehicles over three years, delivering a manufacture-ready vehicle at the end of 2025.

PERFORMANCE CRITERION 8	Defence's integrated capabilities, including workforce, are generated, trained and sustained to meet Government requirements.	
Annual Target	Forces meet all of Government requirements and are available for the conduct of operations and national support tasks.	
Source	2021–25 Defence Corporate Plan	
	Portfolio Budget Statements 2021–22	Program/s: 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.12
Results	Achieved	
Analysis	<p>In 2021–22, Defence ensured that it had the integrated capabilities to meet all Government and preparedness requirements. Defence has assessed that performance against this criterion has been achieved as the target, including the sub-measure has been assessed as achieved.</p> <p>1. Forces meet all of Government requirements and are available for the conduct of operations and national support tasks – Achieved</p> <p>Defence and its partners continued to balance a range of concurrency pressures on Defence and the Australian community, with the ongoing impacts of the COVID-19 pandemic – particularly on the workforce and industry – as well as successfully deploying in support of the Government's response to natural disasters.</p> <p>The Australian Defence Force continued to operate domestically and internationally. The Navy, Army and Air Force deployed in response to international relief efforts and in continued support through Operation COVID-19 ASSIST, as well as providing critical support during flooding events across several states.</p> <p>Separately, Defence also mobilised its Australian Public Service workforce to support the whole-of-government response to the COVID-19 pandemic and natural disasters, seconding staff as required across government departments and agencies to provide direct support to the Australian community.</p>	

Analysis (continued)

While **all Services were able to meet preparedness and operational requirements** during this reporting period, the cumulative effect of these sustained domestic operational demands and deployments, coupled with the still lingering impacts of the pandemic, may present a longer-term risk to Defence's preparedness. Ongoing limits on training availability, capability deficiencies and increased workforce fatigue levels are all testing the Australian Defence Force's resilience.

During 2021–22, all Services have implemented a range of initiatives intended to manage and mitigate the risk to Australian Defence Force readiness and capability. The Navy launched its Retention Campaign and the Army has implemented workforce and training transformations such as Good Soldiering (the Army's cultural statement) and the People System Campaign Plan. The Air Force is implementing its Objective Force Workforce Campaign Plan to deliver the 2030 (and beyond) 'people' element of capability.

Defence has also undertaken **a range of activities to recruit, train and sustain the workforce to meet Government requirements**. This remains challenging as Defence, like many other government departments and agencies, faces increased competition for key skills from the private sector. COVID-19 and concurrency and tempo resures have exacerbated these challenges over the reporting period.

In recognising these challenges, Defence successfully advocated for an increase in personnel, with the Government announcing on 10 March 2022 that the Defence workforce is to increase by 18,500 over the next two decades. To support the achievement of this target and optimise its joint workforce approach, Defence has developed the *Defence Strategic Workforce Plan 2021–40*. It articulates how Defence will grow and sustain the workforce required to support the *2020 Defence Strategic Update* and *2020 Force Structure Plan*.



Royal Australian Air Force aviator Leading Aircraftwoman Mary-Anne Bryce from No. 3 Control & Reporting Unit checks the AN/TPS-77 Tactical Air Defence Radar System antennas at Old Bar airfield, north of Newcastle, New South Wales, during Exercise Diamond Shield 2022. CREDIT: Leading Aircraftman Samuel Miller

PERFORMANCE CRITERION 9	Joint enabling elements are generated and sustained at the required rate and standardised to support the delivery of Defence capability.	
Annual Target	<ul style="list-style-type: none"> Joint Health Services are provided to Australian Defence Force personnel to enable Defence preparedness Delivery of Joint Logistics capability that provides comprehensive and assured support to Australian Defence Force operations Delivery of military education and training programs that prepare Australian Defence Force personnel Delivery of joint military policing effects that protect the Australian Defence Force's people, resources, values and reputation 	
Source	2021–25 Defence Corporate Plan	
	Portfolio Budget Statements 2021–22	Program/s: 2.4
Results	Substantially Achieved	
Analysis	<p>In 2021–22, Defence successfully completed a number of initiatives to generate, support and sustain joint enabling elements to support the delivery of Defence capability. Defence has assessed that performance against this criterion has been substantially achieved as three out of four sub-measures have been assessed as achieved and one sub-measure has been assessed as partially achieved.</p> <p>1. Joint Health Services are provided to Australian Defence Force personnel to enable Defence preparedness – Partially Achieved</p> <p>In 2021–22, operationally-focused and recovery-oriented health services were provided in accordance with the Health Service Level Charter. The COVID-19 Vaccination Program continued with over 97 per cent of Australian Defence Force personnel vaccinated and 75 per cent having received a booster.</p> <p>The sustained high tempo and concurrency pressures, in particular the support to domestic operations including COVID-19 ASSIST, has had considerable impact on the status of the Australian Defence Force Health elements. During the reporting period, Defence undertook constant assessment to ensure that health resources were prioritised to deliver against Force Health preparedness requirements. This at times required some routine health services to be deferred, resulting in the sub-measure being partially achieved.</p> <p>2. Delivery of Joint Logistics capability that provides comprehensive and assured support to Australian Defence Force operations – Achieved</p> <p>Defence delivered, sustained and assured logistics services. This supported the delivery of Defence capability and provided timely response to changes in missions and taskings related to Operation COVID-19 ASSIST, Operation FLOOD ASSIST 22–1 and support to Ukraine. These changes ensured alignment with Government direction and enable the delivery of Government-directed outcomes through Defence capability.</p> <p>3. Delivery of military education and training programs that prepare Australian Defence Force personnel – Achieved</p> <p>The Australian Defence College delivered fit-for purpose education and training, consistent with identified requirements to sustain the force-in-being and develop and prepare the future force for warfare. The Australian Defence College also maintained Defence's status as a Registered Training Organisation enabling the ongoing provision of high quality education and training to our people.</p>	

Analysis (continued)	<p>4. Delivery of joint military policing effects that protect the Australian Defence Force's people, resources, values and reputation – Achieved</p> <p>Agile frontline military policing services and investigative capabilities were delivered as per the Service Level Charter to protect the Australian Defence Force's people, resources, values and reputation.</p>	
PERFORMANCE CRITERION 10	Manage the investment, acquisition and sustainment of Defence equipment, supplies and services to meet Government and Defence requirements.	
Annual Target	Deliver the <i>2020 Force Structure Plan</i> and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and within agreed capability scope.	
Source	<i>2021–25 Defence Corporate Plan</i>	
	<i>Portfolio Budget Statements 2021–22</i>	Program/s: 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 2.11
Results	Substantially Achieved	
Analysis	<p>Across 2021–22, the management of investment, acquisition and sustainment of Defence equipment, supplies and services was substantially achieved through a consolidated effort across the Groups and Services. A small number of projects experienced delays. They have been carefully managed to limit capability impacts across the Integrated Investment Program. Due to these delays, Defence has assessed that performance against this criterion has been substantially achieved as the target, including the sub-measure, has been assessed as substantially achieved.</p> <p>1. Deliver the <i>2020 Force Structure Plan</i> and Integrated Investment Program, approved acquisition and sustainment projects, estate and ICT programs to budget, schedule and within agreed capability scope – Substantially Achieved</p> <p>Since the release of the <i>2020 Force Structure Plan</i>, changes in the strategic environment and Government priorities have driven adjustments to the capability roadmap it laid out across the five capability domains, Information and Cyber, Maritime, Air and Space, and Land, and the Defence enterprise enabling capabilities. In particular, one of the most significant changes in Defence's capability profile was the decision to pursue a nuclear-powered submarine program. Following this decision, the Government decided not to proceed with the Attack Class Submarine Program (SEA 1000 Phase 1).</p> <p>During the reporting period, Defence continued to refine and prioritise the Integrated Investment Program through Biannual Updates to Government. This process continues to be a key enabler for Defence to maintain responsiveness to the rapidly changing strategic environment and take advantage of developments in technology.</p> <p>Defence continued to conduct its risk-based approach to critical analysis of the Integrated Investment Program capability proposals and projects throughout the Capability Life Cycle. This process provided assurance to the Vice Chief of the Defence Force, as the chair of the Investment Committee, and to Government, that Defence's capability needs and requirements aligned with strategic intent and resources. It ensured that capability continued to be delivered in accordance with Government direction to meet the agreed budget, schedule and capability scope over the life of the Program.</p>	

Analysis (continued)

At 30 June 2022, Defence was managing over 600 projects as part of its capability portfolio including delivering 246 projects and managing 21 major projects within its information and communications technology space.

In addition, Defence's acquisition program was managing 158 major projects and 10 minor acquisition projects, with 118 sustainment programs. As at March 2022, overall this represented across the full program, a \$9.5 billion spend in acquisition and \$8 billion spend in sustainment.

Despite the significant achievements, pressure is beginning to be felt across the investment and capability program. COVID-19 continues to linger and trigger supply chain deficiencies – as has the war in Ukraine – and the workforce capacity issues are starting to affect all components of the capability system.

The Integrated Investment Program faced increased pressure, forecasted to persist over the forward estimates. This pressure was in part the result of accelerated delivery of capabilities to address Defence and Government priorities and strategic objectives, creating resourcing pressures across the Integrated Investment Program.

Defence has continued to invest in the Joint Intelligence and Joint Geospatial Programs integrating intelligence, surveillance and reconnaissance data to enable the Defence intelligence enterprise. These programs support data collection, mission systems and applications for strategic and operational intelligence requirements. As part of the integrated approach to capability, additional investments in training, joint skilling and security are planned. With these achievements and in collaboration with our National Intelligence Agencies and Five Eyes Partners, Defence is delivering an Australian self reliant geospatial and intelligence foundation to support both strategic intelligence requirements and warfighting outcomes.

Table 3.1: Unit availability days¹, flying hours and HydroScheme products

Source	Deliverables			2020-21 Actual	2021-22 Revised estimate	2021-22 Actual
Navy	2020-21	2021-22				
Portfolio Budget Statements 2021-22	17	17	Major Combatants ²	2,917	2,802	2,749
	18	18	Minor Combatants ³	3,606	3,406	3,215
	4	5	Amphibious and Afloat Support ⁴	954	860	810
	10	10	Maritime Teams ⁵	3,142	3,173	3,184
	6	6	Hydrographic Force ⁶	1,644	1,606	1,436
	24	24	MH-60R ⁷	4,956	5,500	4,789
	—	—	MRH-90 ⁸	—	—	—

Notes:

1. A Unit Availability Day (UAD) is a day when a unit is materially ready and its personnel state and level of competence enables the unit to safely perform tasks in the unit's normal operating environment, immediately.
2. Major Combatants comprises Anzac class frigates, Hobart class guided missile destroyers and Collins class submarines. UAD under-achievement was due to unscheduled maintenance periods and extensions to scheduled maintenance periods.
3. Minor Combatants comprises Armidale class patrol boats (ACPB), Cape class patrol boats and coastal minehunters. UAD under-achievement was due to unscheduled maintenance periods. UADs was also affected negatively by COVID-19 and related impacts.
4. Amphibious and Afloat Support comprises landing ship dock, landing helicopter dock, oil tanker and Supply class. UAD under-achievement was due to maintenance period changes as a result of ships deploying to Operation TONGA ASSIST.
5. Maritime Teams comprises clearance diving, deployable geospatial support, and mobile meteorological and oceanographic teams.
6. Hydrographic Force comprises hydrographic ships, survey motor launches, and meteorological and oceanographic centres. UAD under-achievement was due to unscheduled maintenance and decommissioning of HMA Ships Mermaid and Paluma earlier than planned.
7. The under-achievement of forecast flying hours for the MH-60R was due to force assignment to the COVID-19 Taskforce, Operation AGED CARE ASSIST and Operation FLOOD ASSIST 22-1, and persistent bad weather.
8. MRH-90 flying hours are included under Army Aviation, as Army is joint capability manager for the aircraft.

Source	Deliverables (Airframes)			2020-21 Actual	2021-22 Revised estimate	2021-22 Actual
Army	2020-21	2021-22				
Portfolio Budget Statements 2021-22	10	10	CH-47F Chinook ¹	2,206	2,600	2,375
	34	16	S-70A-9 Black Hawk ²	1,300	600	312
	22	22	ARH Tiger ³	3,580	4,500	3,013
	47	47	MRH-90 Taipan ⁴	6,000	5,200	4,747

Notes:

1. Cancellation of major joint exercises/activities and impacts to the flying program as a result of COVID-19 have resulted in a slightly reduced rate of effort (ROE) for 2021-22 when compared with initial estimates.
2. Sixteen aircraft were on the Defence Register in December 2021 but are in the process of disposal. This activity accounts for the reduced ROE for 2021-22.
3. Lower serviceability rates resulting from a shortage of repairable items and lower flying rates associated with recent deployed operations were the primary drivers of a reduced ROE for 2021-22. Falling ROE is being addressed through the replacement project. In January 2021, the Government announced that the ARH Tiger would be replaced by the Boeing Apache Guardian from 2025.
4. Lower serviceability rates, a shortage of repairable items, the cessation of MRH flying operations associated with airworthiness concerns, and a revised activity schedule due to COVID-19 have resulted in an achieved ROE for 2021-22 which has not met initial or revised estimates. Falling ROE is being addressed through the replacement project.

Source	Deliverables		2020–21 Actual	2021–22 Revised estimate	2021–22 Actual
Portfolio Budget Statements 2021–22	Air Force	2020–21 2021–22 ¹			
		49 49 PC-21 ²	18,371	21,102	18,228
		12 11 KA350 King Air	3,672	3,500	3,580
		12 12 C-130J Hercules ³	5,311	6,000	4,328
		8 8 C-17A Globemaster III	4,372	5,000	4,976
		10 10 C-27J Spartan	2,829	3,700	3,395
		7 7 KC-30A MRTT	3,593	4,400	4,200
		2 2 737 BBJ ⁴	753	1,400	1,203
		3 3 Falcon-7X ⁵	1,544	2,000	1,646
		2 2 AP-3C Orion ⁶	712	770	697
		12 12 P-8A Poseidon	4,939	5,200	4,869
		6 6 E-7A Wedgetail ⁷	2,713	2,850	2,479
		15 – F/A-18A/B Hornet	3,837	700	694
		24 24 F/A-18F Super Hornet	4,289	4,500	4,628
		33 33 Hawk 127 ⁸	4,826	5,000	4,391
		11 11 E/A-18G Growler	2,398	2,800	2,576
		38 50 F-35A Lightning II ⁹	4,960	8,773	6,854
		0 0 MC-55A Peregrine ¹⁰	–	–	–
		0 0 MQ-4C Triton ¹¹	–	–	–

Notes:

1. Fleet size represents totals at end of 2021–22. Notes on variations +/-10% are provided below.
2. PC-21 flying hours were impacted by reduced tasking due to COVID-19, and Pilot Training System capacity as it progresses to final operating capability.
3. C-130J flying hours were impacted by reduced tasking due to COVID-19 and lower aircraft availability (block upgrade modifications).
4. 737 BBJ flying hours were impacted by reduced tasking due to COVID-19 and resultant reduction in Government demand.
5. F7X flying hours were impacted by reduced tasking due to COVID-19 and resultant reduction in Government demand.
6. AP-3C(EW) flying hours were impacted by reduced exercise commitment due to COVID-19.
7. E-7A flying hours were impacted by reduced tasking due to COVID-19.
8. Hawk 127 flying hours were impacted by reduced training demand and reduced tasking due to COVID-19.
9. F-35A flying hours were impacted by reduced tasking due to COVID-19 and aircraft availability as it progresses to final operating capability.
10. MC-55A flying hours reflects the phased introduction of the aircraft from 2022–23.
11. MQ-4C flying hours reflects the phased introduction of the aircraft from 2023–24.

Source	Deliverables	2020–21 Actual	2021–22 Revised estimate	2021–22 Actual
Strategic Policy and Intelligence				
<i>Portfolio Budget Statements 2021–22</i>	Maritime Safety Updates	100%	100%	99% ¹
	Charting Projects	13	15	14 ²
	Nautical Publications	29	30	30
	Survey Projects	6	10	10 ³
	Australian Hydrographic Office Availability	249	247	247

Notes:

1. In 2021–22, 674 Priority 1 maritime safety updates (MSU) were processed. Of these, 665 were processed within the expected 20-day timeframe. Nine MSU, or 1.33%, were finalised outside of expected timeframes. Workflow controls have been updated in response. There were no resulting maritime safety incidents.
2. Fourteen charting projects were completed. One project has two electronic navigation charts to be published on the first release of 2022–23. Following this, three remaining paper charts will be published in August to complete the project. Staff resourcing has contributed to the project completion slipping past the deadline.
3. Portfolio Budget Statements projects for nautical charting and hydrographic survey were substantially achieved. Nine HydroScheme Industry Partnership Program 2021–22 contract projects completed field data collection, with 13,129 km² of priority shipping routes surveyed to the highest level of accuracy, supporting maritime safety and protection of the maritime environment. Four of these projects were fully completed and accepted by the Australian Hydrographic Office (AHO), two projects have been delivered and are in the process of review by the AHO, and three projects are due for delivery by early August 2022. Additionally, one other project is a multi-year project continuing from 2021–22, and one project was withdrawn from industry due to funding shortfall.

PERFORMANCE CRITERION 11	Progress to deliver a sustainable, sovereign shipbuilding enterprise, as detailed in the Naval Shipbuilding Plan.	
Annual Target	Deliver the naval shipbuilding enterprise in accordance with the Naval Shipbuilding Plan to schedule, budget and scope.	
Source	<i>2021–25 Defence Corporate Plan</i>	
	<i>Portfolio Budget Statements 2021–22</i>	Program/s: 2.5, 2.9
Results	Partially Achieved	
Analysis	<p>In 2021–22, Defence has made progress in delivering a sustainable, sovereign shipbuilding enterprise, as detailed in the Naval Shipbuilding Plan. Defence has assessed that performance against this criterion has been partially achieved as the target, including the sub-measure, has been assessed as partially achieved.</p> <p>1. Deliver the naval shipbuilding enterprise in accordance with the Naval Shipbuilding Plan to schedule, budget and scope – Partially Achieved</p> <p>This reporting period presented challenges for the naval shipbuilding and sustainment enterprise, with supply chain and workforce impacts from the COVID-19 pandemic and other disruptive global events. The focus of the enterprise remained on delivering the objectives of the <i>2017 Naval Shipbuilding Plan</i>, as modified by the <i>2020 Force Structure Plan</i> and the Government's commitment to AUKUS. The delivery of acquisition and sustainment outputs, naval shipbuilding projects and sustainment products have continued to progress. Defence demonstrated remarkable resilience over the period in dealing with the impacts of COVID 19 and absorbing the strategic change in direction associated with the cancellation of the Attack class submarine program (SEA 1000 Phase 1) in favour of a nuclear-powered submarine for Australia.</p>	

Analysis (continued)

Continuous naval shipbuilding via a rolling schedule of maritime acquisition programs and a nationally integrated sustainment approach continue to be the cornerstones in delivering complex naval capabilities that are available, reliable and fit-for-purpose. The first Arafura class offshore patrol vessel was launched in December 2021, with the next four in production. The first evolved Cape class patrol boat was accepted in March 2022 with the next five in construction at Henderson. Two more evolved Cape class patrol boats were added to the contract in May 2022, with the final boat due for delivery before the end of 2023. Defence continued to support Australia's Pacific Island partners with four Guardian class patrol boats handed over during the period, bringing the total of delivered boats to 15, with the next five in construction.

However, the delivery of these complex programs has experienced challenges and delays over the period **based on national Naval Shipbuilding performance data**. In the Hunter frigate program, while prototyping has been running to schedule, a delay to one of the delivery milestones for the first frigate emerged due to design maturity issues with the Type 26 reference ship design in the United Kingdom. This risk is receding. The current 18 month delay to the program will be recovered over the life of the program. Defence is also managing COVID-19 induced delays to the initial Arafura class offshore patrol vessels and some movement in the handover dates for some Guardian class patrol boats. The recovery of an initial delay to the delivery of the evolved Cape class patrol boats arising from the use of incorrectly certified marine grade aluminium plate has also been impacted by COVID-19 related workforce pressures.

Following the announcement of the AUKUS enhanced security partnership between Australia, the United Kingdom and the United States in September 2021, the cancellation of the Attack class submarine program was a significant change to the planned National Naval Shipbuilding approach. The transition out of the two Attack class submarine prime contracts was well managed and effectively completed by the end of the reporting period. A range of measures were put in place to manage the impact of the cancellation, including the establishment of a sovereign shipbuilding talent pool with ASC Shipbuilding to offer a pathway for affected shipbuilders.

Naval sustainment activities were not immune from the impacts of COVID-19 with pressure being experienced on both the supply chain and the workforce. While unit ready days were below planned, all operational requirements were met. The rollout of the Future Maritime Sustainment Model continued over the period that will enable a modernised, innovative and highly skilled maritime sustainment capability through Regional Maintenance Centres in Cairns, Darwin, Henderson and Sydney⁷. Significant upgrade programs across the ANZAC class frigate and Collins class submarine fleets progressed largely on schedule.

7. The Regional Maintenance Centres in these four locations are designed to service these regions and their surrounds.

PERFORMANCE CRITERION 12	Delivery of science and technology supports Defence operations, sustainment and enhancement of current capability, and the development and acquisition of future capability.	
Annual Target	Investments in science and technology activities are delivering outcomes in line with agreed Capability Manager priorities.	
Source	2021–25 Defence Corporate Plan	
	Portfolio Budget Statements 2021–22	Program/s: 2.13
Results	Achieved	
Analysis	<p>In 2021–22, Defence has continued to use the delivery of science and technology to support operations, sustainment and enhancement of current capability and the development and acquisition of future capability. Defence has assessed that performance against this criterion has been achieved as both sub-measures have been assessed as achieved.</p> <p>1. Defence Capability Managers are satisfied with support to their programs (Target: > 80 per cent) – Achieved</p> <p>A 2022 poll of Defence senior executive level stakeholders⁸ from science and technology programs indicated 82 per cent were satisfied with the research support being provided to their programs. This met the target of more than 80 per cent.</p> <p>Defence scientists have continued to deliver positive outcomes for Intelligence stakeholders and to strengthen partnerships across Defence and more broadly. This enabled the co-development of a stakeholder Science and Technology strategy. Analysis tools that have explicit operational impact have been provided and successful field trials of a new capability were achieved in support of Defence operations and capability.</p> <p>Research activities have delivered outcomes and expanded scientific capabilities for the National Security community. The Technology Surprise Forum in May 2022 crowd-sourced ideas on the novel use of technology to disrupt threats to National Security and, in partnership with the Australian Defence Science and University Network, the Safeguarding Australia Technology Challenges enabled collaboration with Australian industry.</p> <p>2. Investment Committee agreement of the Defence Science and Technology Portfolio Plan – Achieved</p> <p>The annual Defence Science and Technology Portfolio Plan for investments in research, science and technology activities was agreed by the Investment Committee in August 2021. The Portfolio Plan includes coverage of Defence's maritime capabilities, aerospace research, land domain and operational analysis.</p> <p>Through the Portfolio Plan investment, Defence scientists are working to ensure Australia is a smart buyer and owner of maritime capabilities. This has included: improved understanding and survivability of helicopters through fatigue testing; surface ships through steel quality and heavy weight shock testing; and strategic research to mitigate risks and enhance the current and future submarine fleet.</p> <p>Aerospace research demonstrated a novel environment for working on airborne countermeasures with coalition partners. This partnership delivered a capability for radio frequency and electro-optical countermeasures for Australian Defence Force platforms. Science and technology support to Defence trials has also informed the development of Defence's over-the-horizon-radar capabilities.</p>	

8. Senior executive level stakeholders at the Band 1/1 Star level were polled as their involvement in the programs and position in the chain of command allows them to accurately represent the views of the Capability Managers.

Analysis (continued)	<p>Land domain research has provided advice regarding the acquisition of new capabilities and future-proofing current capabilities. Renewed engagement with Australian and overseas stakeholders has been able to take place in recent months with the relaxing of COVID-19 travel restrictions, including enhanced engagement with the United States to further science and technology cooperation programs.</p> <p>Operations analysis, along with novel analytical tools, has enabled Defence to evaluate the capability impacts of proposed investment options and has facilitated experimentation for the development of Australian Defence Force concepts. Exploration of new classes of vulnerabilities in automated decision systems by Defence cyber specialists enhanced the concept of what it means to have trustworthy artificial intelligence and assured decision support.</p>
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PERFORMANCE CRITERION 13	Implement and embed an enduring transformation system to enable a high performing One Defence enterprise with a continuous improvement culture.	
Annual Target	<ul style="list-style-type: none"> • Delivery and operation of the Defence Business Transformation Cycle • Establishment and operation of the Defence Transformation Program 	
Source	2021–25 Defence Corporate Plan	
	Portfolio Budget Statements 2021–22	Program/s: 2.2
Results	Achieved	
Analysis	<p>During the 2021–22 reporting period, Defence continued to implement and embed an enduring transformation system to enable a high performing One Defence. The ongoing implementation of this system supported the maturation of Defence's continuous improvement culture. Defence has assessed that performance against this criterion has been achieved as the targets, including the two sub-measures, have been assessed as achieved.</p> <p>The implemented transformation system consists of two components, the Business Transformation Cycle and the Defence Transformation Program. The implementation of this transformation system has supported an uplift in the continuous improvement culture of Defence.</p> <p>1. Delivery and operation of the Defence Business Transformation Cycle – Achieved</p> <p>Defence continued to deliver the Business Transformation Cycle to: identify, prioritise, align, sequence and resource Defence's transformation activities. In July 2021, the Secretary of Defence and the Chief of the Defence Force endorsed the 2021–22 Enterprise Priority Statement. It outlined 36 priority activities. Drawing on lessons learned from this process, Defence has continued to further enhance its approach to transformation, through the development of the 2022–23 Enterprise Priority Statement, due for release in Quarter 3 2022.</p>	

Analysis (continued)	<p>2. Establishment and Operation of the Defence Transformation Program – Achieved</p> <p>Defence continued to deliver the Defence Transformation Program, which covers the priority activities identified in the 2021–22 Enterprise Priority Statement. In this reporting period, Defence met program milestones and supported benefits realisation in accordance with the Defence Transformation Strategy Implementation plan.</p> <p>In this reporting period, Defence has conducted baselining activities and developed a Benefits Management Framework to support the identification of benefits that are realised through the transformation program activities.</p> <p>Collectively, Defence’s activities have positively contributed to building a culture, which is focussed around key transformation activities and continuous improvement principles. The Change Agent Network – a group of 150 individuals, who collaborated to promote knowledge sharing on transformation across Defence, demonstrates this cultural impact. As part of the network, staff engaged with over 30 presentations on Defence transformation activities. This knowledge has then been disseminated throughout the organisation as network members share what they have learnt.</p>
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PERFORMANCE CRITERION 14	An integrated service delivery system that enables Defence to achieve Australian Government outcomes.	
Annual Target	Service Delivery reform has a programmatic approach and reform activities are harmonised with the overarching Defence Transformation Strategy Initiative 2.3.	
Source	2021–25 Defence Corporate Plan	
	Portfolio Budget Statements 2021–22	Program/s: 2.2, 2.3, 2.10, 2.11, 2.12
Results	Substantially Achieved	
Analysis	<p>During the 2021–22 reporting period, Defence has continued to deliver an integrated service delivery system and progress internal service delivery reform, moving towards a programmatic and harmonised approach in accordance with <i>Defence Transformation Strategy</i> Initiative 2.3. Defence has assessed that performance against this criterion has been substantially achieved as four out of five sub-measures have been assessed as achieved and one sub-measure has been assessed as partially achieved.</p> <p>1. Development of Enterprise Digital Service Delivery ‘Future State’ – Achieved</p> <p>Ongoing user centred research continues to inform future packages of digital transformation and the desired ‘Future State’ for service delivery. During this reporting period, the Digital Service Delivery Transformation Program was fully established with the implementation of the ServiceConnect platform. ServiceConnect is a mobile digital-first solution that enables access to transactional services and information from any device both on and off the Defence Protected Network for Defence personnel.</p> <p>2. Endorsed Service Delivery Roadmap to mature integration across the Defence ecosystem – Achieved</p> <p>The Customer Service Network launched the latest version of its Roadmap, Version 3, in September 2021. The Customer Service Network Roadmap sets out a sequence of incremental changes to support customer service improvements and integrated service delivery across 67 initiatives. It outlines clear steps towards mature integration across the Defence service delivery ecosystem.</p>	

Analysis (continued)**3. Customer satisfaction⁹ (Target: year to year increase) – Achieved**

The 2021 Defence Customer Satisfaction Survey indicated an increase in satisfaction in relation to integrated service delivery across all relevant service delivery areas, compared to 2020 survey results. This reflects the effectiveness of the reforms and activities undertaken across the reporting period. The annual Customer Satisfaction Survey was conducted in November 2021 and was completed or partially complete by 10,398 individuals. This is the ninth survey assessing internal to Defence customer satisfaction levels with critical service delivery areas.

4. Increase in process and services that are digitised across all enabling services¹⁰ – Achieved

Across the enabling services, an upward trend of improvements in the service delivery system has been evidenced through process improvements, the customer satisfaction survey and an increase in average user numbers for digital services. There has been an overall increase in the processes and services that have been digitised across enabling service areas of Defence. Improvements have been made to the ICT service centre, virtual recruitment and numerous digital, security and finance self-service solutions.

5. Improve and streamline processes by five per cent across all enabling services – Partially Achieved

Processes across the Groups¹¹ have been improved and streamlined in areas including travel reform, request prioritisation and medical assessments. Progress has also been made through the automation of additional high-volume, repetitive processes. Overall, all internal service delivery Groups have reported improvements in processes, however, Defence is unable to assess percentage improvement due to a lack of baseline data. Therefore, while improvements can be demonstrated, it cannot be determined if these improvements equate to five per cent. Therefore, this sub-measure has been assessed as partially achieved.

PERFORMANCE CRITERION 15

Quality and timeliness of Defence's financial management, reporting and advice.

Annual Target

- Defence meets legislated financial requirements and timeframes
- Financial advice meets stakeholder needs

Source

2021–25 Defence Corporate Plan

Portfolio Budget Statements 2021–22

Program/s: 2.3

Results

Achieved

Analysis

In 2021–22, Defence has continued to deliver financial management, reporting and advice activities that are timely and of a good quality. Defence has assessed that performance against this criterion has been achieved as four out of four sub-measures have been assessed as achieved.¹²

9. For the purpose of this Performance Criterion, these customers are the Defence employees who are impacted by Defence's internal service delivery.

10. These enabling services spanned security and estate, finance, human resources and ICT.

11. The Groups that were relevant to this Performance Criterion were the Security and Estate Group, the Defence Finance Group, the Defence People Group and the Chief Information Officer Group.

12. It should be noted that due to the timings for Financial Statements preparation and the finalisation of Auditor-General for Australia's Opinion on the Financial Statements for the Department of Defence, the results presented here relate to the prior year as these results were received during this reporting period.

Analysis (continued)

During the 2021–22 reporting period, Defence met the expectations of quality and timeliness of its financial management, reporting and advice. This was achieved by meeting these two targets:

1. Defence meets legislated financial requirements and timeframes; and
2. Financial advice meets stakeholder needs.

1. Financial Statements receive an unmodified opinion and audit findings addressed – Achieved

Financial information was supported by reliable and validated data sources in Defence's financial systems. The 2020–21 financial statements received an unmodified opinion from the Australian National Audit Office and audit findings were either significantly progressed or closed with the exception of two additional findings that relate to the 2021–22 financial year.

2. Accurate and timely submission of the budget and budget estimates in accordance with Commonwealth requirements – Achieved

Defence has submitted the budget and budget estimates in a manner that is accurate, timely and in accordance with Commonwealth requirements. Defence met all legislative financial requirements including accuracy, timeliness and Commonwealth requirements in 2020–21.

3. Financial Policy and guidance material was consolidated and streamlined – Achieved

During this reporting period, Defence continued to consolidate and streamline financial policy and guidance material allowing stakeholders across Defence to better utilise these resources. Overall, the financial control environment remains strong and has improved from the previous period. This improvement is evidenced by the 2021 Customer Satisfaction Survey, which demonstrated an eight per cent improvement in customer satisfaction across Defence Finance services, compared to the previous reporting period.

In 2021–22, Defence identified future system-integration issues with the current budgeting and reporting management system and began to work towards a modern, user friendly, and insights capable financial management system to replace the current tool. This supports the five-year 'Future State' vision for Defence Finance.

4. Feedback from Groups and Services – Achieved

Financial advice provided by Defence met internal stakeholder needs. Regular briefings on Defence's financial performance and management were provided to Enterprise Committees, including the Defence Committee, the Enterprise Business Committee, the Investment Committee and the Defence Audit and Risk Committee. During the 2021–22 reporting period one per cent of financial reports required adjustment and return to committee and negative feedback was not received during monthly Enterprise Committee meetings where the Department's Financial Outlook was discussed. This demonstrates the quality of financial advice provided. Precise and timely strategic financial advice was also provided to stakeholders across Defence. This included ministerial and Cabinet Submissions, responses to Questions on Notice, and support to Senate Estimates and other public accountability activities.

PERFORMANCE CRITERION 16	Defence workforce has the agility, skills and culture to meet current and future demands to deliver capability.	
Annual Target	<ul style="list-style-type: none"> Key workforce effects outlined in the Defence Strategic Workforce Plan and Total Workforce System are achieved, including critical skillset levels Cultural reform priorities are implemented as set out in <i>Pathway to Change: Evolving Defence Culture 2017–22</i> All Groups and Services maintain culture plans Embed the Defence Values and Behaviours 	
Source	2021–25 Defence Corporate Plan	
	Portfolio Budget Statements 2021–22	Program/s: 2.12
Results	Substantially Achieved	
Analysis	<p>During the 2021–22 reporting period, Defence has continued its efforts to build a workforce that has the agility, skills and culture to meet current and future demands to deliver capability. Defence has assessed that performance against this criterion has been substantially achieved as three out of four targets, including the sub-measures, have been assessed as achieved and one target, including the sub-measure, has been assessed as partially achieved.</p> <p>1. Key workforce effects outlined in the Defence Strategic Workforce Plan and Total Workforce System are achieved, including critical skillset levels – Partially Achieved</p> <p>The new <i>Defence Strategic Workforce Plan 2021–40</i> came into effect in March 2022. It outlined 32 objectives aimed at ensuring systems are in place to support the rebalancing, reshaping and reskilling of the workforce to deliver the next generation of Defence capabilities. A key component of the <i>Defence Strategic Workforce Plan 2021–40</i> is to upskill the current and future workforce. It will deliver this through improved learning policy, practice, planning, systems and infrastructure. During the 2021–22 reporting period, Defence progressed a suite of targeted capability programs as part of a whole-of-organisation learning and development offering in-line with the Plan. Implementation of the Australian Defence Force Total Workforce System also continued in this reporting period. There has been an increase in the understanding of the system across the Australian Defence Force. Numbers have increased in the Active Reserves (SERCATs 3–5) for flexible service career paths. However, this has not been proportionate with the transfer out of the full-time workforce (SERCATs 6–7) Implementation of both the <i>Defence Strategic Workforce Plan 2021–40</i> and the Total Workforce System is ongoing.</p> <p>The Defence workforce has experienced low recruitment and high separation rates across 2021–22. This has had a significant impact on ensuring the necessary skills are available to Defence, evidenced by vacancies in critical categories and occupations.</p> <p>As at 1 July 2022, there are 17 occupations classified as critical for the Australian Public Service workforce. Five of these occupations have undergone a substantial remediation activity that included restructure as part of the Job Family Renewal Project and are no longer being reported individually. Of the remaining 12 occupations, over 2021–22, seven occupations have improved, one has remained steady, and four have declined. For the Australian Defence Force, 13 categories are classified as critical. Over 2021–22, six categories have improved, four have remained steady and two have declined. One category has been disbanded and amalgamated with another category and is no longer being reported individually.</p>	

Analysis (continued)

These recruitment issues are forecast to continue into future reporting periods based on recruitment and retention indicators. In response, Defence has undertaken programs focussed on identifying and remediating current issues and emerging risks to sustaining the required workforce capability. Throughout the reporting period, Defence established a Recruitment and Retention Team tasked with completing a comprehensive review of policy and other measures to identify opportunities to improve recruitment and retention outcomes.

2. Cultural reform priorities are implemented as set out in *Pathway to Change: Evolving Defence Culture 2017–22* – Achieved

Implementation of the six reform priorities in *Pathway to Change: Evolving Defence Culture 2017–22* continued in the reporting period, with five out of the six priorities showing positive trends. **Survey data indicates that the proportion of respondents with positive perceptions of Workplace Agility and Flexibility has slightly reduced over the past two years.** For all other priorities positive perceptions exceed 50 per cent across the workplace, with views holding steady or slightly improved from the previous year.

In the *Auditor-General Report No. 38 2020–21 Defence's Implementation of Cultural Reform*, the Australian National Audit Office outlined two findings: a) to establish Group and Service culture plans as a mechanism to continue to embed *Pathway to Change* and b) to develop a Monitoring and Evaluation Dashboard (the Dashboard) to assess organisational performance against the strategy.

Defence continued to work towards formally establishing the Australian National Audit Office's recommended reporting arrangements outlined in their two findings. The Dashboard has been developed using annual survey data since 2017 to provide deeper insights against how the organisation is tracking against the six priorities. Commentary on Defence's development of culture plans is included below.

3. All Groups and Services maintain culture plans – Achieved

In accordance with the Australian National Audit Office's recommendation, each of the Groups and Services has developed accessible Culture Plans linked to their 2021–22 Business Plans.

4. Embed the Defence Values and Behaviours – Achieved

The maintenance of culture plans supported the embedding of Defence Values and Behaviours across the organisation. **Surveys** have indicated a positive culture around reporting of **unacceptable behaviours** and a decrease in the number of incidents of unacceptable behaviour, while the proportion of people experiencing these behaviours has remained consistent.

With *Pathway to Change: Evolving Defence Culture 2017–22* nominally ending in the next reporting period, Defence has commenced designing a new Cultural Strategy. This included early engagement across a range of Australian Defence Force and Australian Public Service cohorts to ensure the views of the Defence workforce are considered in delivering an evidence-based and enduring Defence cultural strategy with the Defence Values and Behaviours at its centre.

PERFORMANCE CRITERION 17	A compliant Work Health and Safety environment to ensure the wellbeing of the Defence workforce and the broader Australian community.	
Annual Target	Minimise the exposure to unnecessary health, wellness and safety risk.	
Source	2021–25 Defence Corporate Plan	
	Portfolio Budget Statements 2021–22	Program/s: 2.12
Results	Partially Achieved	
Analysis	<p>In 2021–22, Defence has worked to minimise the exposure to unnecessary health, wellness and safety risk and build a compliant Work Health and Safety environment to ensure the wellbeing of the Defence workforce and the broader Australian community. Defence has assessed that performance against this criterion has been partially achieved as one out of three sub-measures has been assessed as achieved and two sub-measures have been assessed as not achieved. Due to the nature of Defence's business, risks to health, safety and wellbeing remain ever present. Consequently, Defence remains committed to proactive risk management and providing a compliant work health and safety environment to ensure the wellbeing of the Defence workforce and the broader Australian community.</p> <p>In this reporting period, Defence has progressed the delivery of the <i>Defence Work Health and Safety Strategy 2017–22</i> and the <i>Defence Mental Health Strategy 2018–2023</i>. Defence has also developed a Psychosocial Risk management Policy and guidance materials, supported by Compassionate Foundations training to address psychosocial risk.</p> <p>1. Mandatory work health and safety training compliance (Target 100 per cent) – Not Achieved</p> <p>A key driver of improving work health and safety outcomes is the active monitoring of mandatory training completion rates and work health and safety incidents by the Defence senior leadership team through the monthly Defence Work Health and Safety Scorecard. In May 2022, Defence released a revised and updated version of Work Health and Safety training for Defence. The average compliance rate for completion of mandatory training over the 2021–22 reporting period was 81 per cent, which has remained consistent with the previous reporting period but has not met the target of 100 per cent completion. The ability of Defence to meet this target is in part limited by the availability and classification of personnel within Defence systems, including personnel on leave without pay.</p> <p>2. Number of notifiable incidents decreased – Not Achieved</p> <p>Defence's involvement in disaster relief activities, including Operation COVID-19 ASSIST and Operation FLOOD ASSIST 22–1, presented a number of health and safety challenges for Defence people during this period. The number of notifiable incidents increased by two per cent in 2021–22 compared to 2020–21. Of the 419 notifiable incidents in 2021–22, there were 18 fatalities¹³. These 18 fatalities are subject to ongoing investigation by the Inspector General Australian Defence Force, Comcare and relevant state and territory police and coroners, and at this stage the workplace nexus for these incidents is unclear. These incidents continue to be reviewed to identify any trends that can be addressed by the Defence Work Health and Safety Board.</p>	

13. The 18 fatalities reported in Chapter 3 – Performance Criteria 17 (page 58) are subject to ongoing investigation by the Inspector General Australian Defence Force, Comcare and relevant state and territory police and coroners, and at this stage the workplace nexus for these incidents is unclear. The Inspector-General of the Australian Defence Force received notification of 36 deaths during the 2021–22 reporting period, however, not all of these deaths occurred during the reporting period. Defence records indicate that 34 Australian Defence Force personnel (of varying Service Categories) died during the 2021–22 reporting period as a result of illness/disease, training accidents, misadventure, confirmed suicide and possible suicide.

Analysis (continued)	<p>3. Number of notifiable incidents reported to Comcare within required timeframes consistent or improved – Achieved</p> <p>Defence improved the timeliness of written notifications to Comcare¹⁴ with 85 per cent of written notifications made within 48 hours of the incident occurring (the timeframe required by Comcare) in 2021–22, compared with 74 per cent in 2020–21. The timeliness of initial notifications to Comcare has remained largely consistent with 68 per cent of initial notifications being made within 24 hours of the incident occurring in 2021–22, compared with 70 per cent in 2020–21.</p>
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PERFORMANCE CRITERION 18	Appropriate support and services are provided to Defence people, noting Defence has a responsibility to respect and support members of the Australian Defence Force having regard to their lifetime wellbeing.	
Annual Target	To transition Australian Defence Force personnel across the service spectrum with a focus on transition preparedness across personal security factors (using the Human Security Framework).	
Source	2021–25 Defence Corporate Plan	
	Portfolio Budget Statements 2021–22	Program/s: 2.4, 2.12
Results	Partially Achieved	
Analysis	<p>During the 2021–22 reporting period, Defence has provided appropriate support and services to Defence people and fulfilled its responsibility to respect and support members of the Australian Defence Force with regard to their lifetime wellbeing and transition preparedness. To achieve this, Defence has conducted a variety of activities to transition Australian Defence Force personnel across the service spectrum, with a focus on transition preparedness against personal human security factors. Defence has assessed that performance against this criterion has been partially achieved as three out of five sub-measures have been assessed as achieved, one sub-measure has been assessed as partially achieved and one sub-measure has been assessed as not achieved.</p> <p>1. Transition services are expanded across the total workforce service spectrum – Achieved</p> <p>Defence continued to evolve its service offering to provide fit-for-purpose and durable transition programming that supports the post-transition goals of Australian Defence Force members and their families. Transition service delivery has been expanded to all Australian Defence Force Service Categories, consistent with the continued implementation of the Total Workforce System. This expansion commenced on 1 October 2021. By 30 December 2021, transition support was being provided to all Reserve Service Categories on a needs basis. A program evaluation activity on the initial expansion was undertaken in February 2022. It concluded that the formal roll-out of transition support across all Service Categories could commence as planned on 1 March 2022. A Reserve Transition Centre was established in October 2021 to manage the expansion of service delivery to Service Categories 2 through 5.</p> <p>Defence also continued to deliver Australian Defence Force Sports Programs throughout the reporting period to support the lifetime wellbeing of service members.</p>	

14. The written notification of notifiable incidents to Comcare is a legislative requirement under the *Work Health and Safety Act 2011*.

2. Decrease 'Looking for work' rates of full-time transitioned members at 12 months post-transition towards the official national unemployment rate – Achieved

Results from the Australian Defence Force Post-Transition Survey showed that the number of transitioned Australian Defence Force members who reported they were looking for work at 12 months post-transition, compiled from responses to the survey, has continued to decline year-on-year. This has become increasingly aligned with the national unemployment figure. "Looking for work" rates decreased during the period to 8 per cent, noting the national unemployment rate is currently 3.9 per cent.

3. Transition preparedness indicators improve between pre and upon transition – Achieved

Additional initiatives were introduced during 2021–22 to continuously improve support to the lifetime wellbeing and transition preparedness of Australian Defence Force members. This included the Australian Defence Force Transition Human Security Framework (the Framework), a wellbeing framework specifically built to support and inform effective transitions for members and their families. The Framework considers members' transition readiness and/or preparedness across seven human security domains: social connectivity; employment and meaningful engagement; financial security; education; health; transport; and accommodation/housing. During the reporting period, the Framework was in the proof-of-concept phase. Following the Framework proof-of-concept Interim Report, delivered in March 2022, Transition Preparedness Questionnaires were introduced into Transition coaching processes to assess these seven factors. The proof-of-concept phase is ongoing and is expected to conclude in May 2023.

The Department of Veterans' Affairs and Defence have also developed a concept to align each organisations approach to wellbeing. The Aligned Defence/Department of Veterans' Affairs Wellbeing Factors were finalised in December 2021, designed to provide a longitudinal view of the wellbeing of current and former serving Australian Defence Force members. In future reporting periods, it will align Defence and Department of Veterans' Affairs wellbeing initiatives across the course of an Australian Defence Force member's life (including through transition).

4. Assessment of service level key performance indicators are met (Target: 95 per cent) – Partially Achieved

Defence has continued to implement strategies to manage programs through COVID-19 challenges, introducing virtual and hybrid transition planning sessions. However, Defence was unable to achieve the target of a 95 per cent service level for General Practitioner appointments during this reporting period. This contributed to Defence partially achieving this Performance Criterion. As at June 2022, 58.6 per cent of transitioning members booked a General Practitioner appointment within four weeks of their transition date. In 2021–22, there were 7,039 transition planning sessions out of a total 7,333 transitions. This represented a 96 per cent service level/engagement achievement, which met the target (as at 30 June 2022). This represents a slight decrease from 99.85 per cent in 2020–21.

Analysis (continued)**5. Customer satisfaction (Target: Year on Year increase) – Not Achieved**

Transition Coaching sessions are foundational to a member's engagement in the transition process and provide insight for the member and their family regarding transition preparedness, transition administration and the development of meaningful post-transition goals. Customer satisfaction with Transition Coaching, Australian Defence Force Member and Family Transition Seminars and Transition Programing remains high in 2021–22. Customer satisfaction, as measured through the Australian Defence Force Post-Transition Survey, sat at 90.7 per cent. This is a slight decrease compared to 2020–21 where customer satisfaction was at 92.7 per cent.

PERFORMANCE CRITERION 19

Appropriate support and services are provided to Defence families.

Annual Target

Australian Defence Force families are supported through the delivery of wellbeing and support services with a focus on planning for their personal security using the Human Security Framework.

Source

2021–25 Defence Corporate Plan

Portfolio Budget Statements 2021–22

Program/s: 2.4, 2.12

Results

Partially Achieved

Analysis

In 2021–22, Defence worked to support Australian Defence Force families through the delivery of wellbeing and support services with a focus on planning for their personal security using the Human Security Framework. Defence progressed several activities and initiatives associated with the delivery of wellbeing and support services to Australian Defence Force families. Collectively, these actions have provided Australian Defence Force families with increased accessibility to employment support services and timely access to qualified human services professionals. However, Defence has assessed that performance against this criterion has been partially achieved as four out of five sub-measures has been assessed as achieved and one sub-measure has been assessed as not achieved.

1. Improve Australian Defence Force Member partners' preparedness to obtain employment or meaningful engagement by enhancing the Partner Employment Assistance Program to include employment support services (Target: Track employment/meaningful engagement outcome for 100 per cent of participants) – Achieved

Defence launched the enhanced Partner Employment Assistance Program offering in February 2021. It was informed by an independent review into the contemporary needs of Defence partners. Outcomes of the enhanced Partner Employment Assistance Program across the reporting period included:

- Simplified application process with a new online form and more expedient processing times.
- Access to a single, Defence contracted service provider.
- Formalised data capture of partner related information to better inform program evaluation and continual improvement.
- Partners assisted to determine their individual needs for specific professional employment assistance through a 'needs-based' questionnaire.
- Increased marketing and communications to build awareness.

Analysis (continued)

Over this reporting period, the Partner Employment Assistance Program expanded its service offering through the provision of virtual employment support services to address the impacts of COVID-19. All program participants were sent a survey to enable Defence to track employment, or meaningful engagement, outcomes. While Defence notes that the survey response rate is low, 89 per cent reported the program was 'effective', 'highly effective' or 'neutral' in meeting and improving Defence member partners' preparedness to obtain employment or meaningful engagement through the enhancement of the program to include employment support services.

2. Develop and implement an Early Family Engagement Model for injured and ill members and their families – Achieved

In 2021–22, Defence developed and continued to implement the Early Family Engagement Model for injured and ill Defence members and their families. The Australian Defence Force Family Health Program contributed to delivering wellbeing and support services for Australian Defence Force families and over the 2021–22 reporting period the Program maintained a high overall satisfaction rate. However, during the same period, the Program experienced a decline in engagement primarily resulting from COVID-19 impacting access to health services.

3. Update the Defence Family and Domestic Violence Strategy – Not Achieved

Defence commenced but did not finalise a review of the Defence Family and Domestic Violence Strategy. This review is ongoing and will be finalised following the publication of the National Plan, which is anticipated for released in late 2022, to ensure alignment.

4. All calls and emails to the Defence Member and Family Helpline¹⁵ and National Welfare Coordination Centre are addressed in a timely manner – Achieved

Over the 2021–22 reporting period, Defence responded to all calls and emails to the Defence Member and Family Helpline in a timely manner. All calls and emails were responded to within 24 hours of receipt of email or voice recording.

5. Use of call metrics and Quality Assurance measures (including review of recorded calls and case notes) – Achieved

Call metrics and Quality Assurance measures were used to inform continuous improvement and these activities have now been fully implemented and are undertaken as part of normal business processes.

15. *The 2021–25 Defence Corporate Plan* refers to the Defence Family Helpline. This is an error in the official title of the program, which is the Defence Member and Family Helpline. Throughout this Annual Performance Statement the correct name, Defence Member and Family Helpline, is used to refer to the Program.

PERFORMANCE CRITERION 20	Timely and accurate administration of the Administered programs.	
Annual Target	Administration meets agreed requirements.	
Source	2021–25 Defence Corporate Plan	
	Portfolio Budget Statements 2021–22	Program/s: 2.15, 2.16, 2.18
Results	Achieved	
Analysis	<p>In 2021–22, Defence continued to manage the Administered Programs in a timely and accurate manner. Defence has assessed that performance against this criterion has been achieved as the sub-measure has been assessed as achieved.</p> <p>1. Administration meets agreed requirements – Achieved</p> <p>The Auditor-General for Australia has provided his opinion that the financial statements of the Department of Defence for the year ended 30 June 2021 comply with Australian Accounting Standards and present fairly the financial position of Defence as at 30 June 2021.</p> <p>Financial controls have been in place for this financial year to ensure timely and accurate administration of Administered Programs.</p> <p>Defence's maintenance and reporting of accurate financial results enables timely and accurate administration of administered programs. Program teams are able to monitor the financial performance of administered programs and to take corrective action if required.</p>	

PERFORMANCE CRITERION 21	Eligible Australian Defence Force members continue to access the Defence Home Ownership Assistance Scheme.	
Annual Target	The scheme is consistently identified in surveys as a contributor to the retention of Australian Defence Force personnel.	
Source	2021–25 Defence Corporate Plan	
	Portfolio Budget Statements 2021–22	Program/s: 2.17
Results	Achieved	
Analysis	<p>In 2021–22, Defence has worked to ensure that eligible Australian Defence Force members continue to access the Defence Home Ownership Assistance Scheme. Defence has assessed that performance against this criterion has been achieved as the sub-measure has been assessed as achieved.</p> <p>1. Eligible Australian Defence Force members continue to access the Defence Home Ownership Assistance Scheme – Achieved</p> <p>Eligible Australian Defence Force members have continued to access the Defence Home Ownership Assistance Scheme. As at 30 June 2022, the Department of Veterans' Affairs had processed 5,163 Defence Home Ownership Assistance Scheme applications and 3,238 Defence Home Ownership Assistance Scheme subsidy payments had commenced.</p>	

Analysis (continued)

The number of personnel interested in the Defence Home Ownership Assistance Scheme has remained consistent compared with the previous reporting period based on monthly and annual reporting from the Department of Veterans' Affairs as well as survey data and data on applications and loan drawdowns.

Access to the Defence Home Ownership Assistance Scheme has also **consistently been identified in surveys as a key contributor to Defence Force personnel remaining in service.**



Air Force Air Movement Operators from No. 23 Squadron load humanitarian supplies onto a C-130J Hercules aircraft bound for Tonga, at RAAF Base Amberley, Queensland, as part of Operation TONGA ASSIST 2022.
CREDIT: Leading Aircraftwoman Emma Schwenke

Defence assistance to Ukraine



Australian Government-donated Bushmaster protected mobility vehicles in a Royal Australian Air Force C-17A Globemaster III aircraft bound for Europe to assist the Government of Ukraine. CREDIT: Petty Officer Imagery Specialist Jake Badior

“My visit to Kyiv and recent visits by other world leaders sends a clear message that democratic nations like Australia will stand side-by-side with the Ukrainian people in their time of need.”

The Hon Anthony Albanese MP,
Prime Minister of Australia

Russia’s invasion of Ukraine is a tragic reminder for Australia and our partners that peace and prosperity cannot be taken for granted.

We must work together to safeguard the sovereignty of all states and make sure the rule of law, not the rule of power, governs conduct between states.

Russia’s actions have highlighted the need to work quickly and effectively with likeminded partners during times of crisis. Australia has worked with the Government of Ukraine, NATO, the United Kingdom, the United States, and other international partners to deliver tailored and timely military assistance to support Ukraine’s self-defence and repel Russia’s multi-axis invasion. Australia’s military assistance has been warmly welcomed by the Government of Ukraine and our NATO partners.

Australia’s military assistance comprises Bushmaster Protected Mobility Vehicles, M113 Armoured Vehicles, M777 howitzers and ammunition, anti-armour weapons and ammunition, financial contributions to NATO and the United Kingdom, to deliver military assistance to Ukraine on our



An Australian Government-donated Bushmaster protected mobility vehicle bound for Ukraine is loaded onto an Antonov AN-124 cargo aircraft at RAAF Base Amberley in Queensland. CREDIT: Corporal Jesse Kane

behalf, and Australian defence industry capabilities, including unmanned aerial systems, and decoy and remote vehicles. Sending vehicles and artillery from the other side of the world demonstrates our commitment to stand up for the international rules-based system, and against violence and intimidation.

Defence is proud to deliver on the Australian Government’s desire to impose costs on Russia for its illegal aggression and to support the Ukrainian people in their hour of need. •

“Australia is proud to contribute to NATO’s Ukraine Comprehensive Assistance Package Trust Fund alongside our international partners.”

The Hon Richard Marles MP,
Deputy Prime Minister and Minister for Defence



M113AS4 armoured personnel carriers bound for Ukraine, wait to be loaded onto an Antonov AN-124 cargo aircraft at RAAF Base Amberley, Queensland. CREDIT: Leading Aircraftwoman Emma Schwenke



Chapter 4:

Financial summary

Exercise Urban Nomad saw No. 2 Security Forces Squadron personnel patrol, survey, secure, conduct building clearances, and detain hostiles at RAAF Base Amberley's Urban Operations Training Facility. CREDIT: Leading Aircraftwoman Emma Schwenke

Summary

Since 1 July 2020, Defence adopted the 'net cash funding' presentation for financial budgeting and reporting. This is consistent with the budgeting and reporting arrangements adopted by other Australian Government agencies.

The net cash appropriation arrangements were implemented by the Australian Government to remove the nexus between depreciation expenses and asset replacement funding. Within Defence this is achieved by separately identifying funding for acquisition of major new capabilities, which is largely capital in nature, from the ongoing operating and minor capital costs associated with sustainment activities and the Defence workforce.

As in 2020–21, this change means that Defence, just like all other Australian Government agencies, now budgets for a technical operating loss. The appropriation revenue reported in the Statement of Comprehensive Income no longer funds expenditure line items such as the cost of depreciation, inventory consumption and associated net write-downs and impairment of assets. This difference represents the technical operating loss.

The acquisition of major assets is fully funded by capital appropriations which are reported as equity injections in the Statement of Changes in Equity. The presentation provides a clearer line of sight between appropriation funding from Government and planned outlays.

The 'net cash result' is the primary indicator that Defence uses to measure its financial performance against budget. Based on accrual accounting principles this measure separately identifies and reports on performance against operating and capital appropriations.

Other indicators of financial performance include the cash result, the net cost of services and operating result. The cash result is the cash flow equivalent result that compares cash outlays against Defence's annual appropriation funding and other cash inflows based on when payment is made. The net cost of services and operating result is the full accrual accounting result reported in the Financial Statements (Appendix A).

Net cash result

In 2021–22 Defence reported a net cash deficit of \$535 million or 1.2 per cent of final budget. The deficit includes the impact of the final termination and transition costs for the Future Submarines contract and increases in fuel expenditure driven by global price increases. These factors contributed to close to two thirds of the overspend, with the balance related to Defence decisions to devote additional budget to domestic estate and ICT sustainment activities during 2021–22 to compensate for ongoing impacts to the Defence Acquisition Budget as a result of persistent global supply chain challenges.

The 2021–22 result represents the first overspend of the Defence budget in five years.

Table 4.1: Defence net cash financial result¹, 2021–22

	2021–22 Original Budget estimate ² \$'000	2021–22 Revised Budget estimate ³ \$'000	2021–22 Actual result ⁴ \$'000	Variation to original Budget \$'000	Variation %
Operating					
Operating funding					
Appropriation revenue (Acts 1 and 3)	28,098,406	29,228,688	29,592,034	1,493,628	5%
Goods and services	330,741	330,933	635,584	304,843	92%
Net gains from sale of assets	7,075	50,350	4,456	(2,619)	(37%)
Other revenue and gains	567,670	582,964	531,444	(36,226)	(6%)
Total operating funding	29,003,892	30,192,935	30,763,518	1,759,626	6%
Operating expenses					
Employees	12,707,562	12,716,064	12,250,609	(456,953)	(4%)
Suppliers	15,626,550	16,799,759	19,822,544	4,195,994	27%
Grants	70,259	77,378	102,791	32,532	46%
Net foreign exchange losses	–	–	11,618	11,618	0%
Principal repayments of lease liabilities	243,166	243,166	204,362	(38,804)	(16%)
Other expenses	114,746	114,959	298,315	183,569	160%
Total operating expenses	28,762,283	29,951,326	32,690,239	3,927,956	14%
Net operating surplus / (Deficit) [A]	241,609	241,609	(1,926,721)	(2,168,330)	(897%)
Capital					
Capital funding					
Contributed Equity (Acts 2 and 4)	12,747,992	11,983,889	11,902,139	(845,853)	(7%)
Departmental Capital Budget (Acts 1 and 3)	2,714,274	2,795,283	2,827,786	113,515	4%
Total capital funding	15,462,263	14,779,172	14,729,925	(732,338)	(5%)
Capital expenditure					
Additions of non-financial assets	13,686,910	12,898,730	11,580,262	(2,106,648)	(15%)
Additions of inventory	1,775,353	1,880,442	1,758,056	(17,297)	(1%)
Total capital expenditure	15,462,263	14,779,172	13,338,318	(2,123,945)	(14%)
Net capital surplus / (Deficit) [B]	–	–	1,391,607	1,391,607	0%
Defence net cash result – surplus / (Deficit) [A] + [B]	241,609	241,609	(535,114)	(776,723)	(321%)

Notes:

- The net cash financial result is a summary of the sources of funding received by Defence and the outlays against the same, reported on an accrual basis. This presentation provides a clearer line of sight between appropriations, other sources of funding and the corresponding budgeted and actual outlays. Defence projects are funded and managed on a whole-of-life basis and comprise both capital and operating costs. Accordingly, in addition to the operating items of revenue and expense, the net cash financial result also discloses the outlay in relation to acquisition of new assets and inventory which are fully funded via capital appropriations. Capital funding comprises a departmental capital budget for the purchase of minor assets and Defence inventory, and a capital appropriation equity injection for the purchase of major assets under the Capability Investment Program. On account of inclusion of asset and inventory additions as the outlay against capital funding, the net cash result excludes depreciation, amortisation, inventory consumption, net write-down and net impairment of assets. Further, the Net Cash result includes payments in relation to Right of use liabilities as the whole of government funding mechanism adopted for such Right of use liabilities leases is aligned to the repayment of the lease liabilities, instead of the income statement impact of such leases.
- As published in the *Portfolio Budget Statements 2021–22*.
- As published in the *Portfolio Additional Estimates Statements 2021–22*.
- All actual figures are drawn from *Appendix A: Financial Statements – Statement of Comprehensive Income*, in accordance with the net cash financial result calculations.

Table 4.2: Defence resource statement, 2021–22

	Actual available appropriation for 2021–22 \$'000	Payments made 2021–22 \$'000	Balance remaining 2021–22 \$'000
Departmental annual appropriations			
Prior year departmental appropriation available ¹	1,049,854	1,049,854	–
Annual appropriation – ordinary annual services ¹	29,299,407	29,079,600	219,807
Receipts retained under PGPA Act – section 74 ²	1,014,139	1,014,139	–
Total departmental outputs	31,363,400	31,143,593	219,807
Total departmental annual appropriations	31,363,400	31,143,593	219,807
Departmental other services – non-operating appropriations			
Prior year other services – non-operating available	283,671	283,671	–
Annual appropriations other services – non-operating	15,745,195	15,745,195	–
Total departmental non-operating	16,028,866	16,028,866	–
Total departmental other services		16,028,866	–
Total departmental resourcing		47,172,459	219,807
Special appropriations			
<i>Defence Force Retirement Benefits Act, 1948 Part 1 s. 15D and VIC, s. 82ZJ</i>	–	35,475	–
<i>Defence Force Retirement and Death Benefits Act, 1973 Part XII, s. 125</i>	–	1,684,993	–
<i>Military Superannuation and Benefits Act, 1991 Part V, s. 17</i>	–	1,604,680	–
<i>Defence Force (Home Loan Assistance) Act, 1990 Part IV, s. 38</i>	–	88	–
<i>Australian Defence Force Cover Act 2015</i>	–	49,499	–
<i>Defence Home Ownership Assistance Scheme Act 2008 Part VI, s. 84</i>	–	91,848	–
Total special appropriations	–	3,466,583	–
Special accounts			
Opening balance	264,018	–	–
Non-appropriation receipts to special accounts	338,276	–	–
Payments made	–	283,521	–
Total special accounts	602,294	283,521	318,773
Total resourcing and payments	47,994,560	50,922,563	538,580

Notes:

1. Appropriation amounts disclosed exclude amounts withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013*, amounts transferred to Defence Special Accounts or appropriation acts which have been repealed.
2. Receipts retained under *Public Governance, Performance and Accountability Act 2013* – section 74 include notional receipts and payments of \$206.9 million recorded by Defence in relation to rental contributions recovered from employees in 2021–22. Defence has also entered into a number of arrangements to perform activities on behalf of foreign governments under which funding is received to cover costs incurred by Defence. The total notional receipts and payments retained under *Public Governance, Performance and Accountability Act 2013* – section 74 is \$63.3 million in 2021–22.

Net cost of services and operating result

The Net Cost of Services reported in the Statement of Comprehensive Income provides the full accrual measure of performance, with capital and inventory measured as depreciated or consumed. After allowing for own-source income, the Net Cost of Services for the year totalled \$40.9 billion. This result is higher than the budgeted Net Cost of Services by \$5.1 billion. This is primarily driven by the following factors:

- higher than budgeted supplier expenses of \$4,107.0 million (24.7 per cent). Defence invested additional expenditure in sustainment, repairs and overhaul and maintenance activities across a number of services and assets during 2021–22. Additional expenditure was also focused on Estate Upkeep activities across the Defence facilities portfolio. The termination costs of \$832.1 million for the Future Submarines (SEA1000 Phase 1B) is also a major contributor to the increase in supplier expenses.
- higher than budgeted write-down and impairment of assets of \$2,508.5 million, for specialist military equipment and inventory. This is primarily driven by the write-down of the Future Submarines Project (\$2,128.6 million) following the termination of the program announced by the Government in September 2021.
- lower than budgeted employee benefits of \$457.0 million (3.6 per cent) is due to lower than budgeted staffing numbers across the Australian Public Service and Australian Defence Force by approximately 2 per cent and updates to actuarial assumptions relating to employee provisions.
- lower than budgeted depreciation and amortisation expenses of \$771.8 million (11.8 per cent), primarily due to the lower than budgeted non-financial assets additions during the year.

The operating deficit attributable to the Australian Government was \$11.3 billion.

Asset management and net assets

Defence manages \$127.3 billion of total assets. This comprises approximately:

- \$81.0 billion of specialist military equipment
- \$33.4 billion of land, buildings, infrastructure plant and equipment, and intangibles
- \$7.9 billion of inventory
- \$0.4 billion of heritage and cultural assets
- \$4.6 billion of other items, including cash, receivables, prepayments and asset held for sale.

Defence has implemented activities that enable accurate and timely reporting of asset balances. This involves managing the financial information of assets held across various logistical systems and ensuring that underlying assumptions in reporting the financial values of these assets are applied consistently. In addition, a significant focus is placed on the valuation of some highly specialised assets — that is, reviewing the asset base for fair values, impairment and completeness of asset balances. This allows Defence to be compliant with the requirements for financial statement reporting defined in the Australian Accounting Standards.

Defence's net asset position of \$114.7 billion increased by \$8.7 billion compared to \$106.0 billion in 2020–21. The increase is largely driven by specialist military equipment asset procurement of \$8.2 billion in 2021–22, revaluation increments of \$4.1 billion, partially offset by specialist military equipment write-downs and impairment of \$2.6 billion and specialist military equipment depreciation expenses of \$3.9 billion. In addition, land and buildings have increased by \$1.6 billion primarily relating to additions of \$1.2 billion, revaluation increments of \$1.0 billion partially offset by depreciation expenses of \$0.8 billion.

Administered result

In 2021–22, Defence's administered result reported a net cost of services of \$9.3 billion, which remained steady compared to 2020–21. Defence recognised \$78.2 million in dividends and \$35.6 million in competitive neutrality revenue on behalf of the Australian Government from Defence Housing Australia.

Table 4.3: Net additional cost of current operations from 1999–2000 to 2023–24

	1999–2000 to 2020–21 Actual result \$m	2021–22 Actual result \$m	2022–23 Forward estimate ¹ \$m	2023–24 Forward estimate ¹ \$m	Total \$m
Operation ACCORDION	1,247.0	121.8	104.2	0.9	1,473.8
Operation HIGHROAD	658.8	31.6	0.5	0.4	691.3
Operation RESOLUTE	516.2	70.2	74.7	-	661.1
Operation OKRA	1,632.2	37.0	11.5	0.7	1,681.4
COVID-19 Response Package – Australian Defence Force deployment ^{2, 3, 4}	145.9	116.2	-	-	262.1
Operation FLOOD ASSIST ³	-	23.1	-	-	23.1
Total net additional costs	4,200.1	399.9	190.9	2.0	4,792.9
Sources of funding for operations					
Government supplementation	4,200.1	374.9	190.9	2.0	4,767.9
Department of Defence (absorbed)	-	25.0	-	-	25.0
Total cost	4,200.1	399.9	190.9	2.0	4,792.9

Notes:

This table reflects ongoing and new operations funded under No Win, No Loss arrangements.

1. As published in the March *Portfolio Budget Statements 2022–23*, Table 3.
2. Otherwise known as Operation COVID-19 ASSIST.
3. Operations COVID-19 Response Package and FLOOD ASSIST were not considered to be operations funded under No Win, No Loss arrangements for 2022–23 as at the March *Portfolio Budget Statements 2022–23*.
4. The 2020–21 Actual Result able to be claimed under No Win, No Loss arrangements for Operation COVID ASSIST was an estimate in the 2020–21 *Defence Annual Report*. The final agreed amount has now been reported.

Table 4.4: Net additional cost of operations, 2021–22

	2021–22 Budget estimate ¹ \$m	2021–22 Estimated actual ² \$m	2021–22 Actual result \$m	Variation \$m
Operation ACCORDION	104.3	119.5	121.8	2.3
Operation HIGHROAD	40.6	28.3	31.6	3.3
Operation RESOLUTE	59.2	59.2	70.2	11.0
Operation OKRA	67.2	48.3	37.0	(11.3)
COVID-19 Response Package – Australian Defence Force deployment ^{3, 4}	0.2	131.5	116.2	(15.4)
Operation FLOOD ASSIST ⁴	-	126.4	23.1	(103.3)
Total net additional costs	271.4	513.2	399.9	(113.3)

Notes:

This table reflects ongoing and new operations funded under No Win, No Loss arrangements.

1. As published in the *Portfolio Budget Statements 2021–22*, Table 3.
2. As published in the March *Portfolio Budget Statements 2022–23*, Table 3.
3. Otherwise known as Operation COVID-19 ASSIST.
4. Operations COVID-19 Response Package and FLOOD ASSIST were not considered to be operations funded under No Win, No Loss arrangements for 2022–23 as at the March *Portfolio Budget Statements 2022–23*.

Grants

Information on grants awarded by the department during 2021–22 is available on the Australian Government's grant information system, GrantConnect at www.grants.gov.au.

Advertising and market research

During 2021–22, Defence conducted advertising for recruitment and other campaigns. Further information on those advertising campaigns is available at www.defence.gov.au and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available at www.finance.gov.au.

Table 4.5 shows total advertising and market research expenditure by Defence during 2021–22. Table 4.6 shows Defence spending on advertising and market research by Service and Group.

Table 4.5: Total advertising and market research expenditure, by type, 2020–21 and 2021–22

Type	2020–21 expenditure (\$)	2021–22 expenditure (\$)
Advertising	14,990,690	19,375,346
Market research	1,389,380	1,576,506
Polling	–	–
Direct mail	–	–
Media advertising	44,573,375	56,292,848
Total	60,953,445	77,244,700

Note:

All figures are GST inclusive. Totals may not add due to rounding.

Table 4.6: Total advertising and market research expenditure, by Service and Group, 2020–21 and 2021–22

Service or Group	2020–21 expenditure (\$)	2021–22 expenditure (\$)
Strategy, Policy and Industry	31,090	8,949,036
Associate Secretary	41,018	28,886
Defence Finance	2,693	8,137
Joint Capabilities	85,161	367,136
Navy	117,995	178,294
Army	588,169	605,626
Air Force	57,050	42,809
Australian Defence Force Headquarters	4,827	3,917
Capability Acquisition and Sustainment	105,111	171,873
Security and Estate	79,026	83,574
Chief Information Officer	16,784	14,513
Defence People	59,734,606	66,510,502
Defence Science and Technology	71,461	249,697
Defence Intelligence	18,455	30,701
Total	60,953,445	77,244,700

Note:

All figures are GST inclusive. Totals may not add due to rounding.

Table 4.7 provides details of individual payments of more than \$14,000 (GST inclusive) to persons or organisations for advertising campaigns and market research.

Table 4.7: Individual payments of more than \$14,000 to advertising and market research agencies, by Service and Group, 2021–22

Service/Group and agency name	2021–22 expenditure (\$)	Purpose
Navy		
Advertising		
Cox Inall Change Pty Ltd	31,104	ADF recruitment advertising
VMLY&R Pty Ltd	69,199	ADF recruitment advertising
Estate and Infrastructure		
Media advertising		
Mediabrand Australia	14,861	Advertising a request for quote linked to Fresh Rations tender
Defence People		
Advertising		
VMLY&R Pty Ltd	14,118,569	Creative & Digital Services
VMLY&R Pty Ltd	3,250,195	Creative & Digital Services
Market research		
Chat House Research Pty Ltd	77,770	Market research – DFR Brand
Hall & Partners	967,858	Brand tracking/monitoring
Kantar Public Australia Pty Ltd	50,106	Market Research – ADF Gap Year
Whereto Research Based	206,310	Market Research – ADF Sentiment
Whereto Research Based	151,393	Market Research – Declining Applications
Whereto Research Based	36,867	Market Research – Navy Creative
Media advertising		
Australian Public Service Commission	196,009	Public Service Gazette
Refraction Media Pty Ltd	74,250	Partner with STG to Promote STEM
Universal McCann	39,996,521	Campaign Media
Universal McCann	160,365	Defence graduate recruitment advertising
Universal McCann	1,330,132	Media Associated Advertising Services
Universal McCann	8,988,051	Non-Campaign Media
Defence Science and Technology		
Market research		
Parbery Consulting Pty Ltd	28,160	Multiple Deliveries in a Milestone payment
Capability Acquisition and Sustainment		
Market research		
Universal McCann	53,011	Defence and Industry Conference Advertising
Army		
Advertising		
VMLY&R Pty Ltd	497,734	Army Ambassador Program

Service/Group and agency name	2021–22 expenditure (\$)	Purpose
Joint Capabilities		
Advertising		
Manpower	165,848	ADF Doctor Recruitment
Universal McCann	54,614	Advertising for State and Territory Employer Support Awards winners
Strategy Policy and Industry		
Advertising		
Hall & Partners	128,604	Defence Industries Campaign Evaluation
Orima Research Pty Ltd	319,397	Developmental research
Orima Research Pty Ltd	68,403	DI Campaign concept testing research
Orima Research Pty Ltd	30,676	DI Campaign pre-launch campaign assets refinement testing
Orima Research Pty Ltd	81,589	DI 'Hero' campaign assets refinement testing
Think HQ Pty Ltd	427,860	Public relations services and support for Defence industry information campaign
Media advertising		
TBWA Melbourne	1,284,638	Campaign – Defence Industry 2021 – Campaign Billings
TBWA Melbourne	900,464	Campaign – Defence Industry 2021 – Campaign Costs
Think HQ Pty Ltd	103,575	Defence Campaign PR
Universal Mccann	18,737	Defence Industry 2022 – Ad Serving & Measurement
Universal Mccann	169,316	Defence Industry 2022 – Cinema
Universal Mccann	655,040	Defence Industry 2022 – Digital Display
Universal Mccann	24,729	Defence Industry 2022 – Digital Search
Universal Mccann	335,850	Defence Industry 2022 – Digital Social
Universal Mccann	37,464	Defence Industry 2022 – Govt. Advertising Services
Universal Mccann	386,822	Defence Industry 2022 – Newspapers
Universal Mccann	1,781,906	Defence Industry 2022 – Out of Home
Universal Mccann	742,531	Defence Industry 2022 – Radio
Universal Mccann	1,428,698	Defence Industry 2022 – Television
Universal Mccann	153,375	Defence Industry 2022 – UK Trade Desk Digital Display
Universal Mccann	20,862	Defence Industry 2022 – Govt. Advertising Services
Universal Mccann	20,189	Maritime Essential Services – Newspapers and Govt. Advertising Services

Note:

All figures are GST inclusive.

Legal expenses

Expenditure on internal and external legal services in 2021–22 is shown in tables 4.8, 4.9 and 4.10. 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 GST exclusive.

Table 4.8: Estimated expenditure on internal and external legal services, 2020–21 and 2021–22

Type of legal expenditure	2020–21 \$m	2021–22 \$m
Internal	53.97	54.39
External	58.79	78.67
Total	112.76	133.06

Table 4.9: Estimated cost breakdown of internal legal expenses, 2020–21 and 2021–22

Type of legal expenditure	2020–21 \$m	2021–22 \$m
Salaries for military lawyers	25.13	27.32
Salaries for civilian staff	18.08	16.85
ADF Reserve legal officers	5.84	4.65
Operating costs of the division	4.59	5.25
Military justice disbursements	0.33	0.32
Total	53.97	54.39

Table 4.10: Estimated cost breakdown of external legal expenses, 2020–21 and 2021–22

Items	2020–21 \$m	2021–22 \$m
Professional fees – Defence legal panel	54.16	74.64
Disbursements	4.48	3.37
Legal assistance at Commonwealth expense	0.15	0.66
Total	58.79	78.67

Guided Weapons and Explosive Ordnance



Australian Army soldiers from the 3rd Battalion, The Royal Australian Regiment, fire the Javelin FGM-148 direct fire, guided weapon system during Exercise Kapyong Warrior at Townsville Field Training Area, Queensland. Note the image is a composite and is digitally altered. CREDIT: Gunner Gregory Scott

The Guided Weapons and Explosive Ordnance Enterprise aims to build Defence's inventory and Australia's industrial capability to manufacture and maintain guided weapons and explosive ordnance.

Deep coordination and cooperation across government and with industry, international partners, and academia will be required to realise the enterprise.

Defence has designed an Enterprise Operating Model to articulate the roles, responsibilities and interactions of stakeholders within the Guided Weapons and Explosive Ordnance Enterprise. Defence's initial strategic partners, Lockheed Martin Australia and Raytheon Australia, are working with Defence to identify initial options to manufacture guided weapons and their critical components in Australia.

Defence is creating a limited panel of invited enterprise partners. These are solely Australian-owned and controlled entities

which will support Defence in designing and delivering the enterprise. This is a solid technical and industrial foundation from which Australia can grow a strong Guided Weapons and Explosive Ordnance Enterprise, with targeted Government investment and aligned stakeholder effort. •

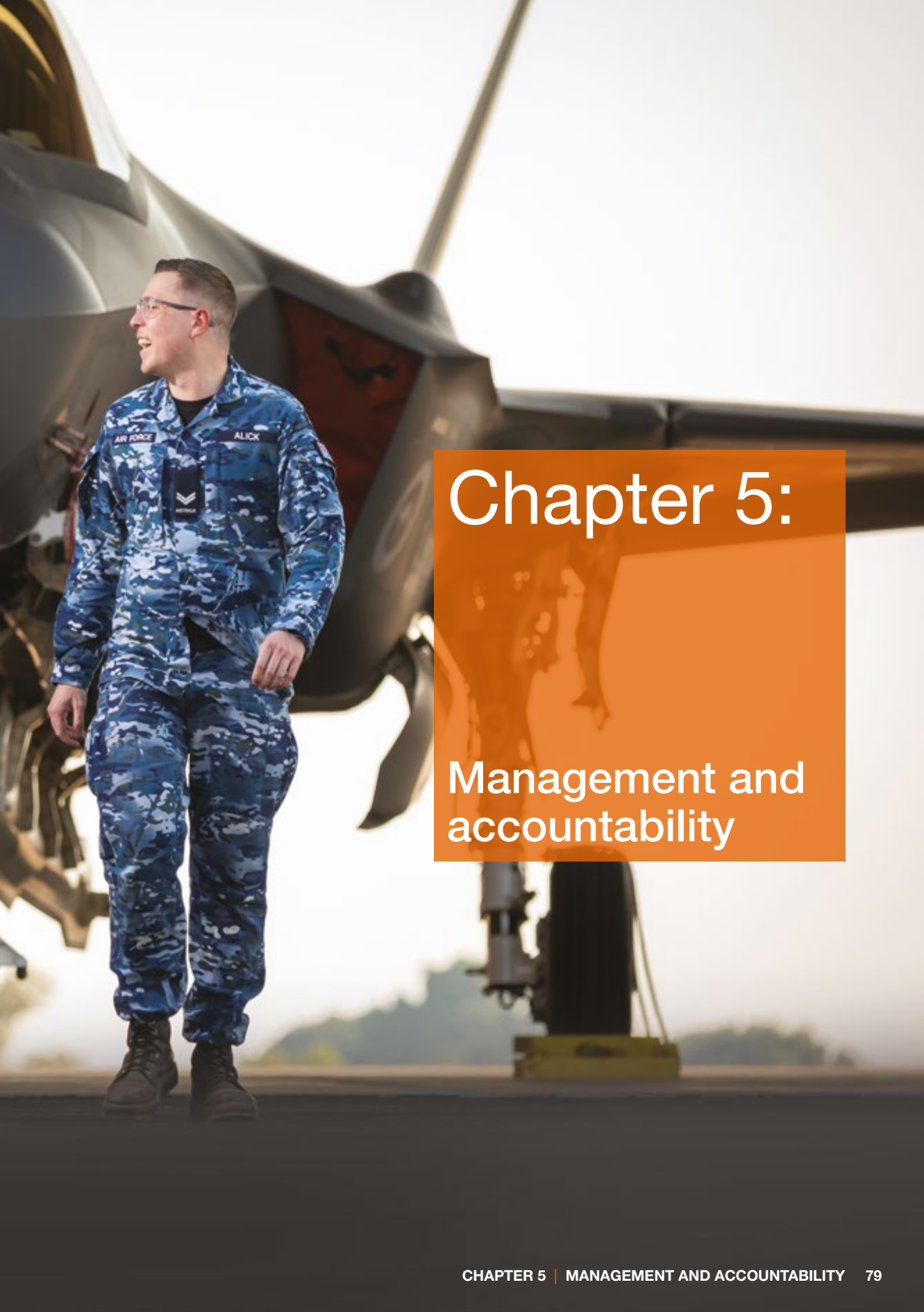
“This is a strategically important and vital national undertaking, and we will respond to the Australian Government’s expectations by growing a skilled local workforce and working with Australian small and medium enterprises to build resiliency in supply chains.”

Michael Ward, Managing Director of Raytheon Australia

EXERCISE DIAMOND STORM 2022

Conducted over land and skies of RAAF Bases Darwin and Tindal, Exercise Diamond Storm 2022 is part of a series of exercises that form the Air Warfare Instructor Course. Encompassing a range of academic activities and practical exercises that expose the candidates to complex scenarios, the course broadens and improves their skills; graduating humble, knowledgeable, approachable and expert instructors. Air Warfare Instructor Course 22 integrates warfighting functions across a range of specialisations to develop expert air warfare instructors who will represent the next generation of tactical and integrated warfare experts. CREDIT: Leading Aircraftman Sam Price





Chapter 5:

Management and accountability

Defence Transformation Strategy

A high-performing
One Defence enterprise
with a continuous
improvement culture



DEFENCE TRANSFORMATION STRATEGY

The *2015 First Principles Review: Creating One Defence* introduced a number of key foundational concepts and recommendations that set the conditions and vision for how a high-performing and trusted Defence organisation should operate. Defence has made substantial changes and improvements since 2015 to its structure, governance arrangements, accountabilities, processes and systems across the enterprise.

Lead the Way: Defence Transformation Strategy, released in November 2020, builds on the strong foundations of the First Principles Review, but also refocuses efforts to ensure that the One Defence concept is fundamentally

embedded throughout the entire enterprise. The strategy provides the vision and framework for long-term, enterprise-wide continuous transformation to ensure Defence is organisationally fit to implement its strategic and capability priorities and deliver on its commitments.

The initial two-year implementation effort to address the 12 enterprise transformation initiatives set out in the *Defence Transformation Strategy* will conclude in December 2022.

Transitioning to the enduring Transformation System will continue to drive the ongoing transformation efforts to deliver our highest priorities across the organisation.

'One Defence' means a unified and adaptive organisation that is driven by its strategy, clearly led by its centre, and empowers its people through a culture that exemplifies the Defence Values and a strong sense of shared purpose.

Through our work as an integrated One Defence team, we each contribute to the evolution of our strategic posture, our capabilities, and delivery of the Defence strategic objectives to **shape, deter, and respond**.

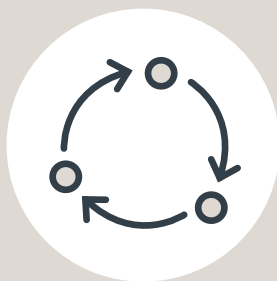
Key initiatives

The delivery and embedding of the *Defence Transformation Strategy's* framework will occur through the following three key sets of initiatives



1: A continuous improvement culture

- 1.1 Embed the Defence Values and Behaviours.
- 1.2 Evolve the Defence Accountability Framework.
- 1.3 Become a more data-informed Defence organisation.



2: An enduring Transformation System

- 2.1 Implement a new Business Transformation Cycle.
- 2.2 Create a new business operations function.
- 2.3 Transform our business practices, systems and service delivery.



3: Priority reform areas of focus

- 3.1 Drive improved capability delivery.
- 3.2 Strengthen Defence's approach to Australian Industry Capability, including innovation, export and harnessing opportunities from Australian science and technology.
- 3.3 Adopt a strategic approach to Defence enterprise resilience and supply chain assurance.
- 3.4 Improve Defence's strategic workforce planning, learning and management.
- 3.5 Institute an improved enterprise performance measurement and reporting framework.
- 3.6 Improve our engagement and communications.



The *Defence Security Strategy*, a core activity under initiative 3.3, was released in December 2021. The Strategy outlines a vision to enhance Defence security protections and embed security resilience. An example of enterprise transformation, the Strategy's initial implementation plan concludes in December 2022, with transformation activities continuing in 2023.

Enterprise committees and their roles

Defence's enterprise committees are the primary mechanisms for providing direction and assuring that strategy, capability and capacity are aligned across the Defence enterprise. Defence's enterprise committees (see Figure 4.1) support the Secretary, the Chief of the Defence Force, and other senior leaders to fulfil their corporate and governance responsibilities.

Figure 5.1: Defence enterprise committees and their purpose, indicating incumbent chairs as at 30 June 2022

TIER 1	
Committee	Purpose
Defence Committee Chair: Secretary Incumbent: Mr Greg Moriarty	The Defence Committee is the most senior enterprise committee within Defence. The Defence Committee is responsible for setting top-level organisational goals and driving delivery of the department's commitments to the Government and the community.
Defence Audit and Risk Committee Chair: External Incumbent: Ms Jennifer Clark	The Defence Audit and Risk Committee is responsible for providing independent advice and assurance to the Secretary and the Chief of the Defence Force on the appropriateness of Defence's accountability and control framework.
TIER 2	
Committee	Purpose
Strategic Policy Committee Chair: Secretary Incumbent: Mr Greg Moriarty	The Strategic Policy Committee is responsible for informing and guiding decision-making processes within Defence on key strategic policy issues and trends, as well as facilitating consideration – on an early warning basis – of emerging issues with strategic implications.
Chiefs of Services Committee Chair: Chief of the Defence Force Incumbent: General Angus J Campbell	The Chiefs of Service Committee is the predominant committee that advises the Chief of the Defence Force in support of his accountabilities in full command of the Australian Defence Force.
Enterprise Business Committee Chair: Associate Secretary Incumbent: Mr Matt Yannopoulos	The Enterprise Business Committee is responsible for exercising strategic control over the corporate and military enabling functions of the single Defence organisation, ensuring the effective operation of Defence business.
Investment Committee Chair: Vice Chief of the Defence Force Incumbent: Vice Admiral David Johnston	The Investment Committee is responsible for exercising strategic control over the investment portfolio bringing the future force and supporting enablers into being in accordance with Government requirements and the <i>Defence Planning Guidance</i> .

Defence Audit and Risk Committee

The Defence Audit and Risk Committee provides independent advice and assurance to the Secretary and the Chief of the Defence Force on the appropriateness of Defence’s accountability and control framework, particularly those aspects concerning financial and performance reporting, risk oversight, and management and systems of internal control. The Defence Audit and Risk Committee functions are set out in its Charter, available from the Defence website at www.defence.gov.au/about/corporate-governance/enterprise-committees.

In 2021–22, the Defence Audit and Risk Committee had three external members, including the Chair and Deputy Chair. The Vice Chief of the Defence Force and the Associate Secretary are Senior Advisers of the Defence Audit and Risk Committee. The Defence Audit and Risk Committee met nine times during 2021–22.

The Defence Audit and Risk Committee also has a Financial Reporting Sub-Committee, which conducts an ongoing review of the process for preparing Defence’s annual financial statements. This sub-committee met eight times during 2021–22.

Table 5.1 provides information in accordance with audit committee disclosure requirements for Commonwealth entities (sections 17AG(2A) and 17BE(aa) of the *Public Governance, Performance and Accountability Rule 2014*).



Her Royal Highness Princess Anne, The Princess Royal, talks with Australian Army soldier Private Joravar Singh from 8th Combat Service Support Battalion during her visit to Holsworthy Barracks in Sydney. CREDIT: Sergeant Tristan Kennedy

Table 5.1: Audit committee disclosure requirements

Member's name	Qualifications, knowledge, skills or experience	Committee meetings attended / total	Total annual remuneration (exclusive of GST)	Additional information
Ms Jennifer Clarke – Chair Chair of the Financial Reporting Sub-Committee	Ms Clark has an extensive background in business, finance and governance through a career as an investment banker, where her role included providing advice to the Commonwealth on Defence major projects, and as a non-executive director since 1991. She has been the chair or deputy chair or a member of over 20 audit committees and boards in the Commonwealth and private sectors over the past 30 years. She is a Fellow of the Australian Institute of Company Directors and has substantial experience in financial and performance reporting, audit, risk management and project management.	9/9	\$107,404	N/A
Ms Elizabeth Montano – Deputy Chair Member of the Financial Reporting Sub-Committee	Ms Montano holds the degrees of Bachelor of Arts and Bachelor of Laws (University of New South Wales) and is a Fellow of the Australian Institute of Company Directors. She has over 20 years of experience as chair, deputy chair and member of boards and audit committees across a range of government and not-for-profit entities. She has broad-ranging experience in governance and the machinery of government, including in financial and performance reporting, risk, assurance, and program and project management and oversight. She is a former chief executive officer of AUSTRAC and former financial services consultant and senior lawyer with King & Wood Mallesons.	9/9	\$60,910	N/A
Mr Mark Ridley – Member Member of the Financial Reporting Sub-Committee	Mr Ridley is a Fellow of the Institute of Chartered Accountants and a graduate of the Australian Institute of Company Directors, with bachelor's degrees in commerce and accounting. He has served as independent member and chair of audit and risk committees for several large and medium-sized Commonwealth agencies since 2011, and also assists some entities in the oversight of ICT projects. He was formerly a senior partner of PricewaterhouseCoopers with leadership roles in risk advisory, internal audit and ICT project assurance for large companies in financial services and other industries and for state and federal governments.	9/9	\$60,910	N/A
Mr Matt Yannopoulos – Internal Senior Adviser	Mr Yannopoulos is the Associate Secretary of the Department of Defence. He has held numerous senior leadership positions across various Commonwealth agencies, including the Department of Defence, the Department of Finance and the Department of Education. Mr Yannopoulos has a Bachelor of Commerce from the University of Canberra and is an Adjunct Professor for Science, Technology, Engineering and Math. Note: for three meetings, Mr Yannopoulos was represented by Mr Steven Groves.	6/9	Not applicable. Remuneration is detailed in Appendix C	N/A
Vice Admiral David Johnston – Internal Senior Adviser	Vice Admiral David Johnston AC RAN is the Vice Chief of the Defence Force. He has an extensive military background, including operational naval tours as Commanding Officer of HMAS <i>Adelaide</i> and HMAS <i>Newcastle</i> . Between 2014 and 2018 he performed the role of Chief of Joint Operations. He was appointed Vice Chief of the Defence Force in July 2018. Since 2018, he has been the chair of the Investment Committee and Joint Warfare Committee. Vice Admiral Johnston holds a Master of Science in Operations Research from the United States Naval Postgraduate School in Monterey, California, and a Master of Arts in Strategic Studies from Deakin University. Note: for two meetings, Vice Admiral Johnston was represented by Major General Kathryn Toohey.	7/9	Not applicable. Remuneration is detailed in Appendix C	N/A

Performance and accountability

The purpose of enterprise performance management is to monitor performance and keep strategy, capability, and resources aligned with Government direction.

Defence's enterprise performance is achieved by ensuring that Defence strategy and policy requirements are translated into corporate planning and budget allocation, which is implemented and resourced through Group and Service business plans. Performance and risks to achievement are monitored and reported by responsible and accountable officers to senior committees, including the Defence Committee, and to the Deputy Prime Minister and Minister for Defence. Defence's performance reporting for 2021–22 aligns with the performance information in the *Portfolio Budget Statements 2021–22* and the *2021–25 Defence Corporate Plan* (updated March 2022).

Risk

Risk management is an essential element of Defence's good governance and internal control environment. Defence maintains a system of risk oversight and management to support the achievement of its outcomes and meet its risk management obligations in accordance with the *Public Governance, Performance and Accountability Act 2013*.

In 2021–22, Defence continued to mature the system of enterprise risk management to realise the outcomes of the *2020 Defence Strategic Update* and *Lead the Way: Defence Transformation Strategy*. Key initiatives included:

- maturing Defence's enterprise risk management approach to improve harmonisation between enterprise-level risks and strategic outcomes; and
- reviewing Defence's enterprise-level risks to establish a clear line of sight between capacity, performance, and strategic objectives.

In 2021–22, Defence continued to mature its business continuity program to enable delivery of key outcomes to the Government during a disruptive incident, including broadening the scope of critical functions identified as part of the enterprise program.

Capability delivery

Capability is critical in enabling Defence to defend Australia and protect its national interests. Within Defence, the Investment Committee, chaired by the Vice Chief of the Defence Force, is responsible for decisions regarding the investment portfolio. The Investment Committee brings the future force and supporting enablers into being in accordance with Government requirements and the Chief of the Defence Force's Preparedness Directive. The Investment Committee oversees the application and integrity of the Capability Life Cycle across all of Defence's investments from initiation through to disposal.

Defence continued to enhance the Capability Life Cycle process within the One Defence Capability System during 2021–22, improving and enhancing guidance and processes, including capability costing and the Capability Program Architecture Framework, reflecting Government direction, contemporary practices, and lessons learned. The One Defence Capability System enabled Defence to deliver the Government's capability aspirations outlined in the *2020 Defence Strategic Update*, the *2020 Force Structure Plan*, and the accompanying Integrated Investment Program.

Capability learning and development continues to be a key focus for Defence. Upskilling and professionalising the Defence capability workforce is an ongoing process, positioning Defence to adapt and respond to the challenges of the future. Several learning and development initiatives have been undertaken, including the conduct of a second Capability Management Induction Day in March 2022. The Capability Management Induction Day is an important opportunity to bring Defence personnel, Australian Public Service agencies, and Defence contractors together to gain and share insights into capability priorities, developing a foundational understanding of the planning, management, and delivery of capability. Additionally, in March 2022 Defence released the Capability Learning and Development Strategy, a keystone document positioning Defence to support and build a knowledgeable and skilled workforce able to effectively respond to a rapidly changing strategic environment and deliver on the complex capabilities set out in the *2020 Force Structure Plan*.

Major Projects Report

The Major Projects Report provides transparency on the progress of Defence's largest and most complex acquisition projects managed by the Capability Acquisition and Sustainment Group. It reviews overall issues, risks, challenges, and complexities affecting major projects; and also reviews the status of each of the selected major projects in terms of project cost, schedule, and forecast scope delivery. The report was first published in 2008.

The Major Projects Report is an independent limited assurance review conducted by the Australian National Audit Office on information prepared by Defence. The report is prepared in accordance with guidelines endorsed by the Parliamentary Joint Committee of Public Accounts and Audit. The latest guidelines endorsed in November 2021, provide information on the process and projects to be reported on as at 30 June 2022.

The Major Projects Report is scheduled for publication within five months of the end of the financial year. The tabling date is dependent on the resolution of issues that may arise at any given time. The *2020–21 Major Projects Report* is the latest report (Auditor-General report No. 13 of 2021–22) and was published on 13 December 2021. All published reports are available on the Australian National Audit Office website at www.anao.gov.au.

Freedom of information

During 2021–22, Defence finalised 970 requests for information. These requests were a combination of Freedom of Information requests, enquiries that were handled administratively by agreement with the applicant, and courtesy consultations with other government agencies.

Defence received 530 requests for information under the *Freedom of Information Act 1982* and finalised 526, including requests carried over from 2020–21. Of these, 164 were for personal information and 38 were for amendment or annotation of records of personal information, managed under section 48 of the *Freedom of Information Act 1982*.

Defence managed 406 requests for information which did not proceed to a Formal Freedom of Information decision. Of these requests, 52 were for access to personnel records processed in accordance with section 15A of the *Freedom of Information Act 1982*, which provides for access to be given in such cases through established administrative channels. Defence also received 50 courtesy consultations from other government agencies in 2021–22.

Defence managed 162 review requests on finalised Freedom of Information decisions. These reviews were managed internally or by providing detailed submissions to the Office of the Australian Information Commissioner. Of these review requests, 60 were internal reviews of Formal Freedom of Information decisions. Defence finalised 99 reviews, including cases carried over from the previous financial year.

This included managing 102 external review cases submitted to the Office of the Australian Information Commissioner; 37 of these reviews were completed and 65 are awaiting a decision from the Information Commissioner. Defence also managed five cases before the Administrative Appeals Tribunal, of which one was completed.

One external complaint relating to a Defence Formal Freedom of Information case was received by the Office of the Australian Information Commissioner during 2021–22.

Contracts exempt from publication on AusTender

In 2021–22, Defence exempted 165 contracts with a total value of \$380,576,290 (GST inclusive) from publication on AusTender, on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*. These exemptions were generally applied under the national security provisions of the Act.

Information Publication Scheme

Entities subject to the *Freedom of Information Act 1982* are required to publish information as part of the Information Publication Scheme. 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 on Defence's Information Publication Scheme website at www.defence.gov.au/about/information-disclosures/information-publication-scheme.

Defence Public Interest Disclosure Scheme

The Defence Public Interest Disclosure Scheme is underpinned by 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, consistent with the requirements of the *Public Interest Disclosure Act 2013*.

During 2021–22, Defence received a total of 177 matters reported under the Defence Public Interest Disclosure Scheme. Of these, Defence accepted 98 matters as public interest disclosures and allocated them for investigation.

Fraud and integrity

In accordance with the *Commonwealth Fraud Control Framework 2017*, Defence continues to meet its mandatory obligations to prevent, detect, and respond to fraud and corruption. Defence has a mature fraud and corruption control program which has a range of strategies to manage, evaluate, and report fraud and corruption activities, including:

- the promotion of integrity and development of a strong ethical culture through mandatory and customised training, publications and an Ethics Advisory Service;
- a rigorous fraud and corruption risk assessment program focusing on Defence-wide vulnerabilities;
- an intelligence-led and targeted fraud and corruption detection program;
- investigation of fraud, corruption, misconduct, and unethical conduct, with the application of appropriate criminal, civil, administrative, or disciplinary action;
- recovery of proceeds from fraudulent and corrupt conduct;
- the establishment of mutual and clear expectations for ethical conduct and integrity in Defence industry partnerships; and
- the strengthening of partnerships with Commonwealth agencies to support a systematic and integrated approach to fraud and corruption vulnerabilities.

In 2021–22, there were 170 fraud investigations registered within Defence, with 150 investigations completed during the year (some of those completed were registered in previous years). Approximately 39 per cent of completed investigations resulted in criminal, disciplinary, or administrative action. Of these, approximately 34 per cent related to disciplinary action under the *Defence Force Discipline Act 1982*.

Table 5.2: Determined fraud losses and cash recoveries, 2017–18 to 2021–22

	2017–18 (\$)	2018–19 (\$)	2019–20 (\$)	2020–21(\$)	2021–22 (\$)	Total
Loss	605,351	445,422	992,515	1,326,440	596,221	3,965,949
Cash recovery	817,811	823,453	435,920	302,035	205,677	2,584,896

Note:

Fraud losses are recorded against the financial year in which the relevant investigation is closed. Cash recoveries comprise all payments received in the financial year, regardless of the year in which the investigation was closed, and include recoveries relating to matters that are currently the subject of investigation.

Hypersonic research



Chief of the Defence Force, General Angus Campbell, tours the Australian Hypersonic Research Precinct at Eagle Farm in Brisbane. CREDIT: Leading Aircraftwoman Kate Czerny

Hypersonics has been identified as an enterprise priority in Defence, with a new purpose-built facility in Brisbane officially opened on 25 January 2022.

The facility houses more than 60 staff and is a key collaboration hub between Defence, industry, universities, and international partners to advance hypersonic technology. This research will focus on high-speed and hypersonic flight technologies – with an application through flight test vehicles.

The research into hypersonic technology will enhance the Australian Defence Force's ability to defend against the malign use of the technology, provide the ability to strike potential adversaries from a distance, while deterring aggression against Australia and our interests. The precinct demonstrates Australia's maturity and contributions to real deterrence effects.

“The technology developed here says the Government will give Australia the ability to strike back should anything similar ever be used against us.”

Professor Tanya Monro AC FAA FTSE FOA FAIP GAICD, Defence Chief Scientist

In the spirit of maintaining partnerships, the Southern Cross Integrated Flight Research Experiment first signed in 2020 is an Australian and United States military technology partnership that is developing hypersonic missiles. This program continued into 2021 with contracts awarded to Raytheon Missiles and Defence, Boeing, and Lockheed Martin – with work from three contracts expected to be delivered by September 2022. •

Compliance with finance law

Section 19 of the *Public Governance, Performance and Accountability Act 2013* requires that agencies notify their responsible Minister of any significant issue that has affected the entity. The Minister for Finance requires that accountable authorities also notify the Minister for Finance of instances of significant non-compliance with the finance law reported to their responsible Minister. In 2021–22, the Minister for Defence and the Minister for Finance were advised of 14 instances of significant non-compliance with the finance law. In 2020–21 there were 23 instances of significant non-compliance with the finance law.

Table 5.3: Instances of significant non-compliance with finance law, 2021–22

Description of non-compliance	Remedial action
Credit card or cheque (five cases) Defence experienced loss due to credit card non-compliance, primarily related to credit card misuse.	Defence undertook remedial actions ranging from administrative sanctions or disciplinary action to criminal prosecutions. To reduce the risk of future credit card misuse, the department continues to focus on a range of controls, including monthly reports to card holder supervisors to facilitate proactive monitoring of credit card usage; a suite of credit card detective tests carried out by the financial compliance team; and mandatory training courses.
Deception (one case) Defence experienced deception that resulted in loss to the department, or an inappropriate benefit being obtained.	Defence undertook remedial action under the <i>Defence Force Discipline Act 1982</i> . To deter and manage the risk of deceptive conduct, the department maintains a system of financial and workplace sanctions while also providing formal counselling where applicable.
Entitlement (eight cases) Defence experienced losses relating to entitlements due to personnel failing to disclose information when required to do so, or inappropriately claiming benefits.	Defence undertook remedial action ranging from administrative sanctions or disciplinary action to criminal prosecutions in response to entitlement fraud. To reduce the recurrence of entitlement fraud, the department introduced enhanced detection activities aimed at detecting early non-compliance and providing additional assurance around Defence entitlements.

Defence engagement with parliamentary committees

In 2021–22, Defence provided evidence at 21 public hearings, three Senate estimates hearings and five private briefings.

Defence provided 13 submissions and one Government response to parliamentary committee inquiries, including input to three Government responses led by other departments.

Defence took 728 questions on notice. Of these, 327 were from estimates hearings; 304 were from parliamentary committee hearings and briefings; 97 were submitted in writing from senators and members; and one was asked through the Parliamentary Library.

Defence's submissions, responses to questions on notice and transcripts of committee hearings are available on the Parliament of Australia website at www.aph.gov.au.

Table 5.4 lists Defence's involvement in inquiries and reviews by parliamentary committees between 1 July 2021 and 30 June 2022.

Table 5.4: Defence's involvement with parliamentary committees, 2021–22

Senate Standing Committee on Foreign Affairs, Defence and Trade
Defence Legislation Amendment (Discipline Reform) Bill 2021 [provisions] Defence provided one submission.
Australia's engagement in Afghanistan Defence provided one submission and participated in one public hearing. Defence provided input into a Department of Foreign Affairs and Trade-led Government response.
Defence Amendment (Parliamentary Approval of Overseas Service) Bill 2020 Defence provided one submission.
Opportunities for advancing Australia's strategic interests through existing regional architecture Defence provided one submission and participated in one public hearing.

(Table 5.4 continued)

Joint Standing Committee on Foreign Affairs, Defence and Trade
Inquiry into transition from the Australian Defence Force A Government response is currently being developed.
Inquiry into the elimination and remediation of per- and poly-fluoroalkyl substances (PFAS) related impacts in and around Defence bases Defence provided one submission and participated in three public hearings. Defence provided input into a Department of Agriculture, Water and the Environment-led Government response.
Inquiry into the Department of Defence Annual Report 2019–20 Defence provided one submission and participated in two public hearings. A Government response is currently being developed.
Parliamentary Joint Committee on Intelligence and Security
Inquiry into national security risks affecting the Australian higher education and research sector A Government response is currently being developed.
Advisory Report on the National Security Legislation Amendment (Comprehensive Review and Other Measures No. 1) Bill 2021 Defence provided one submission and participated in one public hearing.
Senate Select Committee on COVID-19
Inquiry into the Australian Government's response to the COVID-19 pandemic Defence provided one submission and participated in one public hearing.
Joint Committee of Public Accounts and Audit
Report 489 Defence Major Projects Report 2019–20 Defence provided one submission and participated in one public hearing.
Senate Economics References Committee
The Australian manufacturing industry Defence provided one submission and participated in one public hearing.
Australia's sovereign naval shipbuilding capability Defence provided one submission and participated in three public hearings.
House of Representatives Standing Committee on Infrastructure, Transport and Cities
Inquiry into procurement practices for government-funded infrastructure Defence participated in one public hearing.
Government procurement: a sovereign security imperative Defence participated in three public hearings. A Government response is currently being developed.
House of Representatives Standing Committee On Indigenous Affairs
Pathways and participation opportunities for Indigenous Australians in employment and business Defence provided one submission and participated in one public hearing.
Joint Standing Committee on Treaties
Organisation Conjointe de Coopération en Matière d'Armement (OCCAR) Managed Programmes Participation Agreement Defence participated in one public hearing.
Exchange of Naval Nuclear Propulsion Information Agreement (ENNPIA) Defence provided one submission and participated in one public hearing. Defence contributed to the Government response tabled in March 2022.

Parliamentary Standing Committee on Public Works

In 2021–22, Defence witnesses appeared at two hearings of the Parliamentary Standing Committee on Public Works. Defence referred one major project and notified the committee of 15 medium works projects. Parliamentary approval was achieved for two major projects and 15 medium works projects.

Table 5.5: Defence projects that achieved parliamentary approval through the Parliamentary Standing Committee on Public Works, 2021–22

Project	Location	Value (\$m)
United States Force posture initiatives Northern Territory training areas and ranges upgrades	Robertson Barracks Close Training Area (NT)	746.96
	Kangaroo Flats Training Area (NT)	
	Mount Bunday Training Area (NT)	
	Bradshaw Field Training Area (NT)	
Facilities to support LAND 19 Phase 7B short range ground base air defence	RAAF Base Edinburgh (SA)	266.10
Total		1,013.06

Table 5.6: Defence notifications to the Parliamentary Standing Committee on Public Works, 2021–22

Project	Location	Value (\$m)
High performance computer integration works	DST Edinburgh (SA)	5.5
Newcastle Airport Airfield works	RAAF Base Williamtown (NSW)	66.1
JP9360 PH1 Space domain awareness project – mirror recoating facility	Exmouth (WA)	9.3
Sydney future office accommodation project	Sydney (NSW)	72.5
Melbourne office accommodation project	Melbourne (VIC)	48.9
Facilities to support SEA 2773 fleet information environment modernisation	HMAS <i>Kuttabul</i> (NSW)	56.2
	HMAS <i>Stirling</i> (WA)	
	HMAS <i>Coonawarra</i> (NT)	
	HMAS <i>Cairns</i> (QLD)	
	HMAS <i>Cerberus</i> (VIC)	
Northern Territory battery energy storage project	Robertson Barracks (NT)	12.0
	RAAF Base Darwin (NT)	
Puckapunyal Military Area combined arms heritage and learning centre	Puckapunyal Military Area (VIC)	41.2
SEA1445 Enabling works at HMAS <i>Coonawarra</i> and <i>Cairns</i>	HMAS <i>Coonawarra</i> (NT)	2.7
	HMAS <i>Cairns</i> (QLD)	
Mulwala renewable energy (solar panel farm)	Mulwala (NSW)	12.1
Amberley Road replacement works	RAAF Base Amberley (QLD)	32.2
RAAF Base Tindal military working dog kennel facility upgrade	RAAF Base Tindal (NT)	6.8
HMAS <i>Watson</i> fit-out	HMAS <i>Watson</i> (NSW)	8.5
RAAF Base Amberley water main replacement project	RAAF Base Amberley (QLD)	7.2
BP26 Flexible working pilot	Brindabella Business Park (ACT)	31.5
Total		412.7



Australian Army soldiers in Bushmaster protected mobility vehicles are on standby to conduct evacuation tasks with the local State Emergency Services due to rising flood waters in Lismore, New South Wales, in support of Operation FLOOD ASSIST 22-1. CREDIT: Corporal Jonathan Goedhart

Audit

The Defence Internal Audit Program provides independent assurance to senior internal stakeholders on departmental controls and the effectiveness of those controls in mitigating strategic enterprise risks. During 2021–22, a total of 19 internal audit tasks were completed. This included six tasks which commenced in 2020–21 but were completed in 2021–22. The remaining 13 tasks comprised seven annual audit program tasks and six management-directed audits.

Defence also supported audit activities undertaken by the Australian National Audit Office. In 2021–22, the Auditor-General conducted four performance audits on Defence, the audit of the Defence financial statements for the period ending 30 June 2022, and the priority assurance review (*Major Projects Report 2021–22*).

Defence also monitors the implementation of recommendations from internal audits and Australian National Audit Office audits, and reports on these to the Defence Audit and Risk Committee.

Auditor-General's reports

In 2021–22, the Auditor-General published four performance audit reports in relation to Defence, and one priority assurance review.

Table 5.7: Auditor-General's performance audit reports on Defence, 2021–22

Report	Date presented to Parliament	Audit objective
Auditor-General Report No. 43 of 2021–22: Effectiveness of the Management of Contractors – Department of Defence	29 June 2022	To examine the effectiveness of the Department of Defence's arrangements for the management of contractors.
Auditor-General Report No. 15 of 2021–22: Department of Defence's Procurement of Six Evolved Cape Class Patrol Boats	16 December 2021	To assess the effectiveness to date of the Department of Defence's procurement of six evolved Cape class patrol boats.
Auditor-General Report No. 4 of 2021–22: Defence's Contract Administration – Defence Industry Security Program	13 September 2021	To examine the effectiveness of the Department of Defence's administration of contractual obligations relating to the Defence Industry Security Program.
Auditor-General Report No. 1 of 2021–22: Defence's Administration of Enabling Services – Enterprise Resource Planning Program: Tranche 1	16 August 2021	To examine the effectiveness to date of the Department of Defence's administration of the Enterprise Resource Planning Program, with a focus on Enterprise Resource Planning Tranche 1 activities.

Table 5.8: Auditor-General's priority assurance review involving Defence, 2021–22

Report	Date presented to Parliament	Review objective
Auditor-General Report No. 13 of 2021–22: 2020–21 Major Projects Report	13 December 2021	To provide assurance to the Parliament on the performance of selected acquisitions as at 30 June 2021.

Inspector-General of the Australian Defence Force

The Inspector-General of the Australian Defence Force is an independent statutory office established by section 110B of the *Defence Act 1903*. The Inspector-General of the Australian Defence Force provides an impartial integrity, inquiry, and assurance function which operates outside of the Australian Defence Force chain of command.

The functions of the Inspector-General of the Australian Defence Force are to:

- provide the Chief of the Defence Force with a mechanism for internal audit and review of the military justice system;
- provide an avenue by which failures in the military justice system may be examined and remedied;
- provide advice on matters concerning the military justice system;
- conduct reviews of complaints made under the statutory redress of grievance scheme;
- inquire into deaths of Australian Defence Force members that appear to have arisen out of or in the course of their service; and
- inquire into or investigate matters concerning the Australian Defence Force as directed by the Minister responsible for Defence or the Chief of the Defence Force.

Elements of the Inspector-General of the Australian Defence Force's workload have significantly increased over the past two reporting periods. The number of submissions the Office of the Inspector-General of the Australian Defence Force received in 2021–22 was 32 per cent higher than the annual average over the past eight financial years.

The military justice performance audit program was affected by COVID-19 lockdowns between July and November 2021. Despite this, during the reporting period the Inspector-General of the Australian Defence Force staff were able to reschedule and complete 40 military justice performance audits (one Navy, 24 Army, 14 Air Force and one Joint Service) and two focus group activities. The completed audits found that four units had material deficiencies in their military justice arrangements. A re-audit of each of these four units will be scheduled within the next 12 months. Similarly, postponed audits that could not be rescheduled are programmed to occur during the 2022–23 audit program. During the reporting period, 2,766 Australian Defence Force personnel (137 Navy, 1,750 Army, 802 Air Force and 77 Joint Service) participated in focus group discussions as part of the military justice performance audit program.

During the reporting period, 94 new matters alleging military justice failures were reported to the Inspector-General of the Australian Defence Force. The Inspector-General of the Australian Defence Force finalised 88 matters in 2021–22.

The Military Police Professional Standards section within the Office of the Inspector-General of the Australian Defence Force conducted 47 investigations of possible breaches of the Military Police Code of Conduct. Of the completed investigations, 37 arose from new complaints received by Inspector-General of the Australian Defence Force in 2021–22 and 10 were from the previous reporting period.

Inspector-General of the Australian Defence Force received 261 new redress of grievance complaints (64 Navy, 130 Army and 67 Air Force) in 2021–22. This is comparable with the 269 applications received by the Inspector-General of the Australian Defence Force in 2020–21. Inspector-General of the Australian Defence Force finalised a total of 226 (66 Navy, 106 Army and 54 Air Force) redress of grievance complaints during the reporting period.

The Inspector-General of the Australian Defence Force was notified of 36 deaths of Australian Defence Force members during the 2021–22 reporting period¹. During the same period, 32 inquiries into the deaths of Australian Defence Force members were finalised.

In July 2021, the Inspector-General of the Australian Defence Force initiated an inquiry into the implementation of military justice arrangements for dealing with sexual misconduct in the Australian Defence Force. The inquiry was completed in November 2021 and the report provided to Defence in December 2021. Defence is currently considering the report, which contained 22 findings and 13 recommendations. A copy of the report is available at <https://afghanistandinquiry.defence.gov.au>.

In accordance with 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 responsible for Defence, and for presentation to the Parliament. Once tabled in Parliament, the report can be accessed at www.defence.gov.au/mjs/reports.asp.

Defence (Inquiry) Regulations 2018

At the conclusion of each reporting period, the Chief of the Defence Force is required to report on the operation of the *Defence (Inquiry) Regulations 2018*, under which the Australian Defence Force conducts statutory administrative inquiries. During 2021–22, the Australian Defence Force conducted 26 statutory administrative inquiries (seven Navy, 18 Army and one Air Force).

1. The 18 fatalities reported in Chapter 3 – Performance Criteria 17 (page 58) are subject to ongoing investigation by the Inspector General Australian Defence Force, Comcare and relevant state and territory police and coroners, and at this stage the workplace nexus for these incidents is unclear. The Inspector-General of the Australian Defence Force received notification of 36 deaths during the 2021–22 reporting period, however, not all of these deaths occurred during the reporting period. Defence records indicate that 34 Australian Defence Force personnel (of varying Service Categories) died during the 2021–22 reporting period as a result of illness/disease, training accidents, misadventure, confirmed suicide and possible suicide.

Defence response to the Inspector-General of the Australian Defence Force Afghanistan Inquiry

The Afghanistan Inquiry was conducted by Major General Justice Paul Brereton, as Assistant Inspector-General of the Australian Defence Force, over the four and a half year period from mid-2016 to the end of 2020. It was commissioned by Defence in response to rumours and allegations relating to possible breaches of the Law of Armed Conflict by members of the Special Operations Task Group over the period 2005 to 2016.

On 6 November 2020, the Chief of the Defence Force received the Afghanistan Inquiry Report from the Inspector-General of the Australian Defence Force. On 19 November 2020, the Chief of the Defence Force made a public statement and released a public version of the report. The Afghanistan Inquiry made a broad range of findings including credible information of criminal misconduct. The inquiry also made findings in relation to significant and sustained departures from the Australian Defence Force's professional standards. Consequently, the inquiry made 143 recommendations, all of which Defence is addressing through the Afghanistan Inquiry Reform Plan.

The Afghanistan Inquiry Reform Plan, released on 30 July 2021, sets out the Defence strategy for responding to the Afghanistan Inquiry and established the Afghanistan Inquiry Reform Program to coordinate and drive this work. The Afghanistan Inquiry Reform Program will deliver on the following two objectives, leveraging existing reform and implementing inquiry-specific initiatives:

- **Objective 1** (address the past) – Consider and take appropriate action to address organisational, collective, and individual responsibility for past failures and wrongdoing.
- **Objective 2** (prevent recurrence) – Build the best possible organisation for the future, comprehensively understanding and addressing the root causes of the failures and wrongdoing; and developing the systems, culture, and accountability that will prevent, and promptly detect and respond to, departures from required standards.

The Afghanistan Inquiry Reform Program comprises four work packages that address the 143 recommendations and a range of initiatives. Objective 1 is being delivered through Work Packages 1–3 and will address the inquiry's recommendations regarding individuals and compensation. Objective 2 is being delivered through Work Package 4, which is focused on transformational reform. This package comprises five reform streams: Organisational Arrangements and Command Accountability, Culture, Workforce, Partnerships, and Information.

In the year since the release of the Afghanistan Inquiry Reform Plan, a substantial body of work has been undertaken to address the Inspector-General's findings and recommendations and embed sustainable, enduring reform across the organisation. As at 30 June 2022, 101 of the 143 recommendations have been closed with respect to action required of Defence.

A full list of work completed and in progress is available on the Defence Response page of the Afghanistan Inquiry website at <http://afghanistandinquiry.defence.gov.au/defence-response>.

Exercise of the Defence Minister's powers under the Customs Act

In accordance with the requirements of section 112BC in Part VI, Division 1AA of the *Customs Act 1901*, the Minister responsible 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 2021 to 30 June 2022, the Deputy Prime Minister and Minister for Defence exercised the powers pursuant to Division 1AA of the Act on nil occasions.

Judicial and administrative tribunal decisions

There were no judicial and administrative tribunal decisions relating to Defence in 2021–22.

Commonwealth Ombudsman and Defence Force Ombudsman reports

No Commonwealth Ombudsman reports relating to Defence and no Defence Force Ombudsman reports were published in 2021–22.

Organisational capability reviews

The Australian Public Service Commission did not conduct a review of Defence's organisational capability in 2021–22.



HMA Ships *Canberra* and *Warramunga* conduct a dual replenishment at sea with USNS *Yukon* as they sail through the Pacific Ocean. CREDIT: Leading Seaman Imagery Specialist Matthew Lyall

Operations – support to national crises

Australian Army Soldiers from the 3rd Brigade disembark the KC-30A Multi-Role Tanker Transport upon arrival into Avalon, Victoria. CREDIT: Sergeant Glen McCarthy



Defence faced unique challenges on the home front in 2021–22 with the ongoing COVID-19 pandemic, vaccination rollouts, and various national crises.

Defence continues to develop close and enduring links with the community to respond to challenges at the tactical, operational, and strategic levels.

COVID-19 support

Alongside the vaccination efforts, Australian Defence Force and Defence public servants continued to support law enforcement officers throughout the states and territories through Operation COVID-19 ASSIST.

Responding to an Emergency Management Australia request, the Australian Defence Force provided 20 ambulance drivers and six planners in Victoria. Additional request for support to the aged-care sector saw 1,700 Australian Defence Force personnel deployed across Australia in response to the COVID-19 pandemic. Australian Defence Force support came in the form of team leaders, registered and enrolled nurses and supporting personnel. These Defence teams were deployed by the Department of Health and Aged Care.

Flood support

Defence was heavily involved in the preparation, support, and the clean-up of flooding around Australia. The floods in South East Queensland and New South Wales in early 2022 left many areas completely underwater, including some Defence bases.

Navy expert clearance divers cleared debris from the Brisbane River and soldiers from 2nd/14th Light Horse Regiment helped clear the Brisbane Markets of rotting produce, mud and debris.

The Air Force deployed Poseidon P-8A aircraft to conduct aerial surveillance and imagery support in Queensland and New South Wales, alongside setting up field kitchens in northern New South Wales, and assistance to the Goodna Services Club.

As record breaking floods devastated Lismore, Army MRH-90s helicopters were on task to pull stranded civilians to safety. Army personnel supported 200 civilian boats with more than 4,000 rescues.

“Defence was ready, willing, and continued to play its part to help the community.”

Colonel Warwick Young, Commander OP COVID-19 OAM

Australian Public Service support to other agencies

The Defence Australian Public Service workforce contributed to the whole-of-government effort to provide assistance during the COVID-19 pandemic and the New South Wales and South East Queensland floods. 204 Defence Australian Public Servants volunteered to provide surge relief to Services Australia and the Department of Health and Aged Care. Surge support was provided to assist in contact tracing efforts and processing of flood disaster recovery payments in Western Australia, New South Wales, and the Australian Capital Territory.

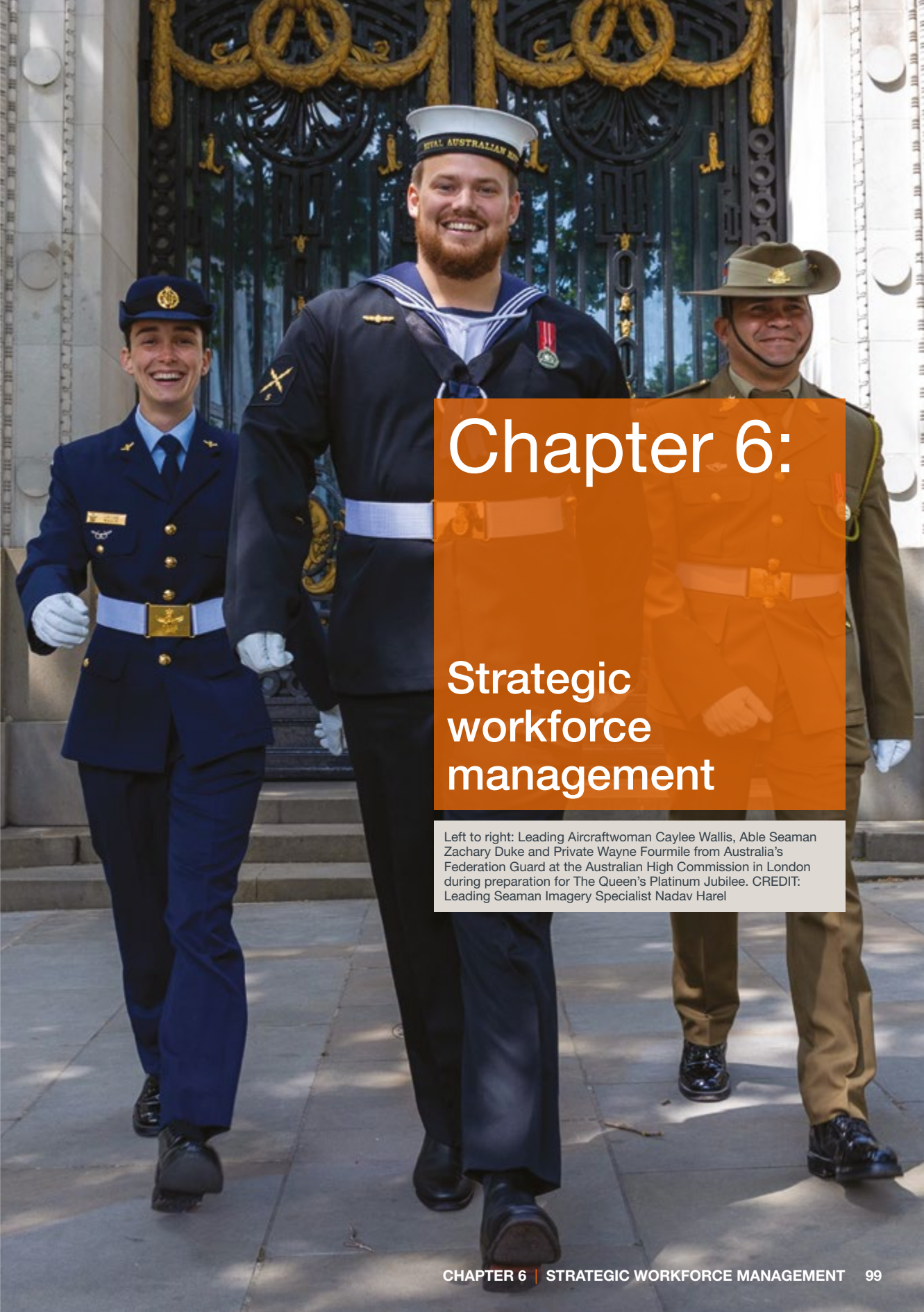
Defence was a key partner supporting the Australian Electoral Commission to successfully deliver the secure telephone voting service. In February 2022, the *Electoral Legislation Amendment (COVID Enfranchisement) Bill 2022* was passed in Parliament as an emergency measure. This resulted in regulations to provide a secure telephone voting service for COVID-19 positive voters who were isolating under public health orders and unable to vote at a polling place. Defence provided approximately 235 personnel as part of the Australian Public Service surge workforce to assist with the telephone voting service. Defence industry partners assisted with logistics and security operational requirements. •

“The task was enormous. We are very grateful for the help provided by the Australian Defence Force.”

Mr Greenhalgh, Brisbane resident



An Australian Army Bushmaster protected mobility vehicle drives through a flooded street in McGrath Hills in New South Wales. CREDIT: Corporal David Cotton



Chapter 6:

Strategic workforce management

Left to right: Leading Aircraftwoman Caylee Wallis, Able Seaman Zachary Duke and Private Wayne Fourmile from Australia's Federation Guard at the Australian High Commission in London during preparation for The Queen's Platinum Jubilee. CREDIT: Leading Seaman Imagery Specialist Nadav Harel

Workforce summary

Defence continues to pursue a capable, agile, and resilient workforce that delivers outcomes in a dynamic strategic environment. The pursuit of continuous improvement, rebalancing, and reshaping of Defence's workforce is guided by the *2020 Defence Strategic Update*, the *2020 Force Structure Plan*, and *Lead the Way: Defence Transformation Strategy*.

The *Defence Strategic Workforce Plan 2021–2040*, released on 2 March 2021, strengthens the connection of strategic guidance with all elements of the people system to deliver capability. It articulates the Secretary's and Chief of the Defence Force's expectations of Defence leaders and managers involved in developing workforce strategies and setting people policy. The *Defence Strategic Workforce Plan 2021–2040* supports the workforce growth needed for the complex capabilities outlined in the *2020 Force Structure Plan* and to respond to changes in Australia's strategic, social, and economic circumstances.

Defence has positioned its workforce to support the \$270 billion Integrated Investment Program and meet rapidly evolving national security challenges. Defence is building its skill base through training and education, targeted recruitment, and balancing our integrated workforce to best meet critical need.

Defence's Total Workforce System provides a versatile approach to managing the Australian Defence Force workforce, allowing greater flexibility and agility. The system enables Defence to utilise its workforce more effectively and identifies opportunities for employment in key growth areas, including leveraging offers to provide more work to part-time and standby components of the Australian Defence Force workforce.

In 2021–22, Defence continued efforts in recruitment and retention of our shipbuilding; cyber; STEM; intelligence; and ICT workforces. Strategies and programs have also been implemented over 2021–22 to increase the opportunities of women, people with disability, people from culturally and linguistically diverse backgrounds, and Aboriginal and Torres Strait Islander people.

The attraction, recruitment and retention of a highly skilled workforce, aligned to our values and behaviours, is critical in ensuring that Defence's capability, professionalism, and effectiveness can advance Australia's security and prosperity, both domestically and internationally. Under the *Pathway to Change: Evolving Defence Culture 2017–2022* strategy, Defence remains committed to being innovative in how it adapts to a rapidly evolving strategic environment, by drawing on the unique skills and perspectives that come with having a diverse workforce.

Recruiting of Australian Defence Force personnel

During 2021–22, Defence recruited 6,369 Australian Defence Force personnel, which accounted for 79.6 per cent of permanent and part-time targets being filled. Of these, 428 Indigenous Australians were recruited, achieving 66.8 per cent of the Indigenous recruitment target.

The employment market is proving challenging to meet targets in diversity, STEM, and specialist professions and trades. Defence must ensure it can achieve the workforce growth required to operate in our complex geopolitical environment, and as outlined in the *2020 Defence Strategic Update* and Government announcements in March 2022.

In 2021–22, Defence Force Recruiting Centres returned to face-to-face recruitment processes, with the option available for virtual or hybrid processes depending on the circumstances. The introduction of online aptitude testing during COVID-19 continues to provide flexibility for candidates and allows them to progress in a way that suits their individual circumstances.

Targeted Australian Defence Force recruitment activities also resumed during 2021–22, with a greater ability to conduct events and promotional engagement in the community. Specialist recruiting teams for women, Indigenous people, and tradespeople have continued to mentor candidates throughout the recruiting process towards a Defence career.

Families and transition support

Defence offers a broad range of programs and services to commanders, Australian Defence Force members, and their families to help enhance Defence capability. The total number of Australian Defence Force dependants is approximately 86,000. Programs which support Defence members and their families fall into four main areas: mobility and absence from home support; critical incident support; command advice; and transition support.

In 2021–22, services to support Australian Defence Force families continued to expand, including through the Defence Childcare Program Individual Case Management Service, which assisted 105 families to source appropriate childcare arrangements when a Defence childcare centre was not available.

Transition service delivery is reaching 6,500 to 7,500 members annually, supporting post-transition vocational, educational, and meaningful engagement aspirations. Support provided to transitioning members and their families is undergoing sustained transformation consistent with the Transition Transformation project and Defence's culture of continuous improvement. Transformation activities have included the expansion of transition supports to members of the Reserve force in Service Categories 3, 4 and 5, and the extension of the service delivery window across all programs to two years post-transition.

In addition, to facilitate the handover of clinical care of transitioning members from Defence to the civilian health care system, Joint Health Command introduced GP Connect in July 2021. GP Connect provides members transitioning from military to civilian life with a fully funded appointment with a civilian general practitioner of their choice.

Defence Values

During 2021–22, work commenced on the development of Defence's next culture strategy to follow *Pathway to Change: Evolving Defence Culture 2017–2022*, which nominally ends in December 2022. The design and implementation of the new cultural strategy will focus on activating ways of working and workplace behaviours that are, in their core, oriented towards achieving outcomes based on the Defence Values and Behaviours.

Honours and awards

In 2022, in recognition of their distinguished service on operations, significant dedication, outstanding application of skill, or meritorious service; 233 Australian Defence Force members were awarded honours or decorations in the Australia Day and Queen's Birthday Honours lists.

In 2021–22, Defence issued 13,540 operational medals and long service awards to current Australian Defence Force members, and 8,140 service medals to veterans and their families in recognition of service in conflicts since World War I. During the reporting period, Defence recognised 854 Australian Public Service employees for their commitment to service and awarded the Secretary's Awards for Long Service. It is vital that Defence protects and preserves historical records to ensure the department can efficiently assess honours and awards requests into the future. In 2021–22, Defence completed the digitisation of more than 1.7 million medal slips related to World War II and post-war service.

Defence 2023 workforce

Developing staff

Defence intends to grow its workforce by 18,500, spanning capabilities across maritime, land, air, space, information and cyber, and enterprise enablers. This is a complex task. Defence must ensure the recruitment, training pipeline, and infrastructure are ready to support this growth. A key focus is the increasing need for people in STEM. In 2021–22, Defence accelerated efforts to grow the STEM workforce by offering pathways for both entry-level and mid-career Australian Public Service and Australian Defence Force staff, including:

- STEM cadetships for Defence Australian Public Service – the Defence STEM Cadetship Program, which provides an entry-level employment pathway for high-performing university students who are currently studying a relevant STEM degree. STEM cadets are recruited into trainee positions within Groups and Services for the duration of the cadetship. On completion of the cadetship, the cadet will be engaged in a full-time, ongoing Australian Public Service Level 4 position; and
- the NAVIGATE Program, which targets mid-career Defence personnel to broaden their knowledge and know-how to succeed as a STEM leader within Defence. The NAVIGATE Program gives participants the opportunity to work with Defence partners in industry and academia, both in Australia and around the world.

The future nuclear-powered submarine workforce will require appropriate skills and qualifications to ensure Defence meets the overarching stewardship requirements necessary to safely build, operate, maintain, regulate, and dispose of a nuclear-powered submarine capability. In 2021–22, Defence focused on identifying a range of education pathway opportunities to support the acquisition and sustainment of nuclear-powered submarines.

These include:

- STEM education scholarships – Defence has established relationships that enable scholarship programs with 37 Australian universities, which can be leveraged to support students undertaking undergraduate or postgraduate degrees appropriate for nuclear pathways;
- Australian Defence Force Masters and Australian Public Service Defence Masters at domestic and international universities – Defence is sponsoring existing qualified Australian Defence Force and Australian Public Service personnel to undertake study for a two-year Masters of Nuclear Science or Masters of Nuclear Engineering; and
- Australian Public Service-wide Masters Sponsorship with the Australian National University and the University of New South Wales – Defence has issued an expression of interest via the Australian Public Service Commission to channel appropriately qualified personnel into the nuclear enterprise following completion of their studies.

In 2021–22, Defence launched the following enterprise programs:

- Defence's **enterprise leadership program**, Journey: Leading Transformation, designed to build adaptive leadership capabilities across the Australian Public Service and Australian Defence Force workforces. This program enables current and future leaders to anticipate and respond to strategic workforce challenges. In 2021–22, 414 Defence personnel completed the program;
- a **Build on You program** offering an online team-based approach to learning, with 80 modules available across Defence's eight Future Focused Capabilities, such as Data, Digital and Cyber Literacy; and
- the pilot of a new **enterprise mentoring program** which strengthens networks and creates connection for Defence personnel for the purposes of building capability, diversifying career pathways, supporting cross-group collaboration, and promoting professional wellbeing.

With a focus on continuous learning and professionalisation, Defence offers a range of education assistance schemes and academic programs to support Australian Defence Force personnel, Defence Australian Public Service, and the Australian Signals Directorate in gaining professional qualifications and undertaking research that contributes to Defence capability and the broader Defence organisation.

Culture

Lead the Way: Defence Transformation Strategy continues to draw together the strategy, capability and reform needed for Defence to lead the way and create a high-performing organisation with culture as a key priority.

This effort is focused through the six key cultural reform priorities identified in *Pathway to Change: Evolving Defence Culture 2017–2022*:

- leadership accountability;
- capability through inclusion;
- ethics and workplace behaviours;
- health, wellness, and safety;
- workplace agility and flexibility; and
- leading and developing integrated teams.

During 2021–22, Defence was focused on implementing the two findings of the Australian National Audit Office audit of *Pathway to Change*: first, to establish Group and Service culture plans as a mechanism to continue to embed *Pathway to Change*; and second, to develop a Monitoring and Evaluation Dashboard as a basis for assessing organisational performance against the strategy.

During the reporting period, each of the Groups and Services developed accessible culture plans that are linked to their respective business plans, and a Pathway to Change Cultural Measurement Dashboard was developed and is in operation. The dashboard uses annual survey data from 2017 onwards to provide deeper insights into how the organisation is tracking against the six priorities articulated in *Pathway to Change*.

The Services' culture plans are executed through:

- Next Generation Navy, which formally places the leadership of people and culture and the development of high-functioning teams at the forefront of Navy's strategy. The program is supported by the Defence Values and Behaviours and by five Navy cultural pillars: value our people; develop leaders who value their team; enhance resilience; instil a sense of purpose; and drive to professional mastery;
- Army's cultural initiative Good Soldiering, which promotes an enduring culture of optimal performance as individuals, as teams and as an Army. It is founded on a platform of trust, exemplary character through adherence to the Defence Values and Behaviours, compliance with our contract with Australia, and achieving inclusion through teaming; and
- Our Air Force, Our Culture, Air Force's new cultural direction, which focuses on redefining and clarifying purpose and identity within the context of the Defence Values and Behaviours. It builds on the foundations laid by the previous cultural program, New Horizon, to move towards an air-minded, values-based, inclusive, resilient, and consistent culture which supports superior performance in the air and space domains both now and in the future.

Diversity and inclusion

Lead the Way: Defence Transformation Strategy recognises that Defence's ability to successfully deliver on the Government's strategic objectives hinges on our people, and that continuous improvement efforts are supported by a workforce that reflects the Australian community Defence serves. A diverse workforce with an inclusive culture enhances Defence's capability and effectiveness and is a key priority under *Pathway to Change: Evolving Defence Culture 2017–2022*.

During 2021–22, a suite of courses were available to all employees through the Learning Management System to provide employees with training related to inclusion, diversity, unconscious bias, and cultural awareness.

The Defence Indigenous Cultural Learning Portal, launched during 2021 National Reconciliation Week, is used as a practical 'one stop shop' to encourage all Defence personnel to pursue or continue their own Indigenous cultural learning journey. The portal provides Defence personnel with ongoing and nationwide access to Indigenous cultural learning resources to increase their understanding and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge, achievements, and rights.

Additionally, each year Defence recognises an approved list of events of significance and importance which enhance our operational capability by contributing to our inclusive culture, by acknowledging and promoting awareness of our diverse workforce. Furthermore, Defence partners with the following external organisations that provide strategic and operational-level advice to build Defence capability through inclusion:

- Australian Human Rights Commission;
- Diversity Council of Australia;
- Australian Disability Network;
- Champions of Change Coalition; and
- Pride in Diversity.



Royal Australian Navy sailor Able Seaman Aviation Support Lynton Robbins plays the didgeridoo during the commissioning ceremony for HMAS *Encounter* at Torrens Parade Ground, Adelaide, South Australia. CREDIT: Able Seaman Imagery Specialist Susan Mossop

Women in Defence

As at 30 June 2022, the participation rate of women in the Defence Australian Public Service reached 46.7 per cent, an increase from 45.8 per cent as at 30 June 2021. In this period, the proportion of women in Executive Level positions increased from 37.5 per cent to 39.5 per cent. There has also been an increase in the proportion of women in Senior Executive Service positions from 45.1 per cent to 51.5 per cent.

As at 30 June 2022, Defence boards have 49.4 per cent representation by women, an increase of 1.4 per cent from last year. Due to COVID-19 restrictions, board readiness training for women was paused over the last year as face-to-face training was limited. This pause provided the opportunity to review the effectiveness of the current training components. The review focused on training pathways for early-career women who may contribute to working groups or committees as gateway experiences, and upskilling needed for a future board appointment.

Defence continues to support women through a number of initiatives, including leadership and mentoring opportunities offered within Defence, professional memberships (such as courses through the Australian Human Resources Institute), and Commonwealth public sector programs.

Defence continues to shape the agenda on women in STEM in Australia, and has maintained the number of women in undergraduate STEM scholarships at 25 in the 2022 cohort. In addition, the Defence NAVIGATE Program exceeded its target of at least 40 per cent female participants.

As at 30 June 2022, the participation rate of women in the permanent Australian Defence Force reached 20.1 per cent, a slight increase from 19.7 per cent as at 30 June 2021. In the same period, the number of women serving in the Australian Defence Force decreased by 82, with nine more women in senior officer positions.

Defence has targets for female representation in the Australian Defence Force, originally at 15 per cent for Army and 25 per cent for Navy and Air Force by 2023. As at 30 June 2022, both Army and Air Force have achieved their targets, with 15.11 per cent and 26.14 per cent respectively. Army has set revised targets of 18 per cent by 2025 and 20 per cent by 2035, and Air Force has revised its target to 35 per cent by 2030. Navy is close to achieving its 2023 target, with 23.49 per cent female representation as at 31 June 2022, and has set an internal revised target of 35 per cent by 2035.

Service-specific initiatives providing mentoring, sponsorship, and leadership development opportunities for women include, for example:

- The Navy Women's Development Program is designed to empower Navy's female workforce through initiatives to support the Service-mandated target of 25 per cent female participation rate by 2023. Established under this program, the Navy Women's Mentoring Program has had 359 participants since July 2021;
- Army provides a range of professional development activities designed to improve leadership, resilience, and mentoring. Current programs include sponsorship of The Future Through Collaboration; access to the NAVIGATE Program; Great Leaders Are Made; Chief Executive Women's Leaders Program groups; and the Army Industry and Corporate Development Program;
- Increased participation by women in all aspects of Air Force business at all ranks and in all areas of excellence remains a core component of Air Force's cultural evolution. Air Force has sponsored women to attend and participate in a range of internal and external conferences, events, and professional development opportunities. These include: The Future Through Collaboration; Women Speaking; the Women's Integrated Networking Group; the Leadership Exchange Program; the Australian Women Pilots' Association; and a formalised mentoring program trial in collaboration with Art of Mentoring.

Defence continues to identify proactive opportunities to attract and retain women through the annual Women in the ADF Report, and by the Chief of the Defence Force participating as a permanent member of the Champions of Change Coalition, which is committed to achieving gender equality, advancing more women in leadership, and building respectful and inclusive workplaces.



Former Chief of Army, Lieutenant General Rick Burr AO DSC MVO and Regimental Sergeant Major of the Army, Warrant Officer Grant McFarlane AM, stand with Australian Defence Force Aboriginal Dancers after the unveiling of an Aboriginal and Torres Strait Islander Dedicated Memorial at Anzac Square in Brisbane. CREDIT: Corporal Dustin Anderson

Indigenous participation and engagement

Defence's longstanding commitment to the *National Agreement on Closing the Gap* is outlined in the *Defence Reconciliation Action Plan 2019–2022* Defence's fourth Reconciliation Action Plan. This commitment will continue beyond the nominal end of the *Defence Reconciliation Action Plan 2019–22* with the development of a new strategy that will align more closely to the *National Agreement on Closing the Gap*.

Overall, Indigenous representation among Defence Australian Public Service employees decreased slightly from 2.3 per cent on 1 July 2021 to 2.2 per cent on 30 June 2022. The permanent Australian Defence Force Indigenous workforce increased from 3.4 per cent on 1 July 2021 to 3.5 per cent on 30 June 2022.

Defence employs a variety of initiatives for Indigenous Australians to develop professional and personal skills and to obtain exposure to a career in the Navy, Army, Air Force, or Australian Public Service.

For example:

- Defence delivers the whole-of-government Indigenous Graduate Pathway, which recruits Indigenous university graduates on behalf of a large number of Australian Government departments and agencies. Successful candidates undertake job placements that match their skill set, expertise, and passion across a 12 to 18 month program. Participants who successfully complete the program secure an ongoing Australian Public Service position with the placement agency;
- the Defence Work Experience Program attracts talent from across Australia through community engagement activities, work experience opportunities, and partnering with Indigenous organisations to improve future outcomes for Indigenous youth. During 2021–22, Defence delivered 18 programs designed to engage with diversity groups. These comprised 14 programs for Indigenous youth and four for Indigenous female youth;

- the Indigenous ADF Pre-Recruit Program is aimed at Indigenous Australians who meet the general entry recruiting medical, education, and aptitude standards, but need to develop their confidence, resilience, and/or physical fitness to enable them to succeed during recruitment and initial training. This six-week program is delivered in a structured military environment, while also introducing candidates to Australian Defence Force culture within the context of individual cultural identity. The program is conducted at Kapooka and Wagga Wagga (New South Wales), and HMAS *Stirling* (Western Australia). During 2021–22, there were five Navy participants, 12 Army participants, and six Air Force participants in the Pre-Recruit Program;
- the Navy and Army Indigenous Development Programs provide language, literacy, and numeracy training; military skills; physical fitness; vocational education and training; cultural appreciation; and leadership and character development. Recruits achieve their Certificate II in Vocational Skills for Work (equivalent to Year 10 English and Maths) and their First Aid Certificate. As well as achieving general entry education requirements, recruits have the opportunity to improve their medical, psychological, and physical prospects for service, while concurrently participating in resilience, confidence building and adventure training activities in a culturally supportive environment. These six-month programs are conducted in Cairns (Queensland), Darwin (Northern Territory), and Kapooka (New South Wales). During 2021–22, 26 people participated in the Navy Indigenous Development Program and 102 people participated in the Army Indigenous Development Program; and
- the Air Force Indigenous Youth Program provides Indigenous candidates with hands-on experience, highlighting the range of career opportunities available within Air Force. In 2021–22 the program had six participants.

Table 6.1: Indigenous participation, 2021–2022

	30 June 2021 ¹		30 June 2022	
	Number	% of total	Number	% of total
Navy				
Permanent	562	3.7%	536	3.6%
Reserves ²	51	1.3%	73	1.7%
Army				
Permanent	1,036	3.5%	1,047	3.7%
Reserves ²	712	3.5%	750	3.6%
Air Force				
Permanent	405	2.7%	432	2.9%
Reserves ²	79	1.4%	88	1.5%
Total ADF				
Permanent	2,003	3.4%	2,015	3.5%
Reserves ²	842	2.8%	911	2.9%
Total APS³	390	2.3%	369	2.2%

Notes:

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

1. Data for 2020–21 does not match the data provided in the *Defence Annual Report 2020–21*, due to retrospective transactions.
2. Reserves include all members (Service Categories 5, 4 and 3) and Reserves undertaking continuous full-time service (Service Option C). This does not include Reserve Service Category 2.
3. Figures include paid, unpaid, full-time, part-time, ongoing, and non-ongoing employees.

People from culturally and linguistically diverse backgrounds

Defence aims to provide an inclusive work environment that respects, values and utilises the contributions of people of different backgrounds, experiences, and perspectives and reflects the varied cultures within the broader Australian community. A culturally diverse workforce assists Defence in combat and in building effective relationships with our counterparts and allies around the world.

Of the 282 graduates recruited for the 2022 Defence Graduate Program, approximately 43 per cent indicated they either spoke or wrote a second language (other than English). Collectively, the cohort has proficiency in 22 languages including Indonesian, French, German, Hindi, Japanese, Mandarin, Vietnamese, and Spanish.

Lesbian, gay, bisexual, transgender, and intersex people

Defence is a foundation member of Pride in Diversity, Australia's first and only national not-for-profit employer support program for all aspects of lesbian, gay, bisexual, transgender, and intersex workplace inclusion. As part of Defence's Pride in Diversity membership, it holds regular training sessions throughout the year which aim to build the capacity of individuals and teams to manage diversity and strengthen Defence capability.

People with disability

Defence holds Gold membership status in the Australian Network on Disability, a not-for-profit organisation resourced by its members to advance the inclusion of people with disability in all aspects of business.

Defence continues to enhance capability and build positive and sustainable employment through a number of disability employment initiatives. In 2021–22, these initiatives included:

- the Defence Administrative Assistance Program, employing approximately 100 people with intellectual disability across Australia through partnerships with Australian Disability Enterprises; and
- the Inclusive Employment Program, employing 13 people with intellectual disability at the Australian Public Service 1 and levels across several Defence locations.

Defence has a client-centric approach to supporting people with disability and their managers. This includes workplace adjustments and assistive technology to eliminate workplace barriers; participation in supervisor training courses; and a dedicated online Accessibility Hub to provide employees with disability, ill health, or injury and their managers with information on creating a flexible and inclusive work environment.

Disability reporting mechanisms

Defence's disability reporting mechanisms include both self-identified human resources reporting and anonymous survey-based data capture.

As at 30 June 2022, 3.1 per cent of Defence Australian Public Service employees identified as having a disability. Other reporting mechanisms include the annual Australian Public Service Commission Employee Census and the Defence Census, which captures the proportion of Defence Australian Public Service employees who identify as having a disability or chronic medical condition. The Defence Census is conducted every four years. The most recent survey, completed in 2019, reported that 19 per cent of Defence personnel indicated they had at least one form of disability or chronic medical condition.

Defence has strategies in place to address stigma in the workplace in order to increase the willingness of individuals to share information regarding their disability.

Disability reporting is included in the Australia Public Service Commission's State of the Service reports and the Australian Public Service Statistical Bulletin. These reports are available on the Australian Public Service Commission's website at www.apsc.gov.au.

Workforce planning

This section provides information on average workforce strength during 2021–22. Defence uses average workforce strength figures for planning and budgeting purposes.

Defence has released the *Defence Strategic Workforce Plan 2021–2040* to support the workforce growth and reshaping required to address the challenges outlined in the *2020 Defence Strategic Update*. This is done through workforce planning and management, recruiting, retention, career management, and transition support initiatives.

Defence continues to pursue a capable, agile, and resilient workforce that delivers outcomes in a dynamic strategic environment. The *2020 Defence Strategic Update*, the *2020 Force Structure Plan*, and *Lead the Way: Defence Transformation Strategy* guide the pursuit of continuous improvement, agile rebalancing, and reshaping of Defence's workforce.

Defence will grow its Australian Public Service and Australian Defence Force by an additional 18,500 from 2025, to a permanent workforce strength of over 100,000 by 2040. An initial workforce growth of 12,500, consisting of 2,051 Australian Public Service and 10,449 Australian Defence Force personnel is funded to deliver, operate and sustain the Defence capabilities detailed in the *2020 Force Structure Plan*.

The additional workforce growth of 6,000 will be assessed by Defence to increase resilience and deliver new and enhanced capabilities.

In 2021–22, Australian Defence Force recruiting achieved 75 per cent of targets for enlistments into the permanent Australian Defence Force (ab initio and prior service). Women represented 21.7 per cent of enlistments and, despite a significant increase in separation rates, this has resulted in only 82 fewer women serving in the Australian Defence Force (Service Categories 7 and 6, excluding Service Option G) than 12 months ago. Retention in the Australian Defence Force permanent force declined, with an increase in separations from 9.5 per cent to 11.2 per cent. The Australian Public Service workforce also saw an increase in separations over the reporting period, from 11.2 per cent to 14.4 per cent.

Indigenous representation in the permanent Australian Defence Force improved, with more than 300 Indigenous personnel recruited in 2021–22. Indigenous representation in the permanent Australian Defence Force is 3.5 per cent.

In relation to transition services, Defence provided individualised career coaching and mentoring services to 7,333 Australian Defence Force personnel transitioning from Defence, with the aim of assisting them to achieve meaningful employment or meaningful engagement.

Staffing levels and statistics

All workforce information in this report is as at 30 June 2022, and will differ from the rounded workforce achievement figures stated in the *2020 Force Structure Plan*, which reflects data at an earlier point in time.

Defence budgets for its Australian Defence Force workforce on an average funded strength basis and for its Australian Public Service workforce on an average staffing level basis. Defence uses actual full-time equivalent, which is paid strength on a particular date, to provide the most accurate indicator of current staffing levels. Workforce planning is based on average funded strength for the Australian Defence Force and average staffing levels for the Australian Public Service for the financial year; these averages are used to plan for an affordable workforce.

Defence also records some statistical data by headcount. All personnel are counted equally regardless of the number of hours worked. 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 information by gender, employment categories, and employment location. Defence does not base its workforce planning on headcount figures.

In the following workforce tables, 'indeterminate' includes any person who does not exclusively identify as either male or female – that is, any person of a non-binary gender. People who fall into this category may use a variety of terms to self-identify.

Total Workforce System

Table 6.2: Total Workforce System – Service Spectrum continuum

Previous description	Service Spectrum continuum	Additional information
Permanent	Full-time service (Service Category 7)	Reservists on continuous full-time service (Service Option C) are included in permanent force funded strength numbers but not in headcount figures.
	Other than full-time service (Service Category 6)	Members of the permanent forces rendering a pattern of service other than Full-time, who are subject to the same obligations as Service Category 7.
Reserves	Specific pattern of service and number of days served (Service Category 5)	Members of the Reserves who provide a contribution to capability that extends across financial years and who have security of tenure for the duration of their approved commitment to serve. They are liable for a call-out. They can undertake continuous full-time service (Service Option C).
	Providing service, which includes an availability (Service Category 4)	Members of the Reserves who serve in a contingent capability at short notice, with their notice to move defined by their Service. They are liable for call-out and available to be 'called for'. They can undertake continuous full-time service (Service Option C).
	Available for service or providing service (Service Category 3)	Members of the Reserves who provide a contingent contribution to capability by indicating their availability to serve or who are rendering service to meet a specified task within a financial year. They are liable for call-out. They can undertake continuous full-time service (Service Option C).
	Not providing service but can be called out in specific circumstances if required (Service Category 2)	Members of the Reserves who do not render service and have no service obligation. They are liable for call-out.
Defence APS employees on deployment	Employees of the Defence APS who are force assigned (Service Category 1)	APS employees of Defence who have been seconded or attached to the ADF and are force assigned on operations.
ADF Gap Year	Full-time service (Service Option G)	The ADF Gap Year is a program that enables 17 to 24 year olds with Year 12 education to experience segments of ADF training and employment for up to 12 months.

Australian Defence Force staffing

Australian Defence Force staffing figures for 2020–21 and 2021–22 are shown in Table 6.3.

Table 6.3: Australian Defence Force staffing figures, 2020–21 and 2021–22

ADF staffing measure ^{1,2}	2020–21 ³	2021–22	Variation
For workforce planning purposes			
Actual funded strength (paid strength as at 30 June)	60,596	59,304	-1,292
Average funded strength (over the financial year)	60,330	59,803	-527
For other statistical data			
Permanent headcount (on duty/leave and paid/unpaid)	59,619	58,197	-1,422

Notes:

- Funded strength figures include the ADF Gap Year (Service Option G). For consistency with other tables in this chapter, the headcount figures do not include the ADF Gap Year, which had 614 participants on 30 June 2021, increasing to 775 participants on 30 June 2022.
- Funded strength figures do not include the Reserve workforce other than those on continuous full-time service (Service Option C), who are paid through the same mechanism as permanent force members. For consistency with other tables in this chapter, the headcount figures do not include Reserves (Service Categories 5, 4, 3 and 2) or those on continuous full-time service (Service Option C).
- 2021–22 headcount figures have been adjusted from those reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.

Table 6.4 details Australian Defence Force permanent force average funded strength for 2021–22, which includes Australian Defence Force Reserves on continuous full-time service. Australian Defence Force strength was 59,803 in 2021–22, a decrease of 527 from 2020–21. Average funded strength for Reserves on continuous full-time service was 1,149 (comprising Navy 332, Army 622 and Air Force 195) – an increase of 60 from 2020–21.

Table 6.4: Australian Defence Force permanent force (Service Categories 7 and 6) and Reserves undertaking continuous full-time service (Service Option C), average funded strength, 2020–21 and 2021–22

	2020–21 Actual	2021–22 Budget estimate ¹	2021–22 Revised estimate ²	2021–22 Actual	Variation	%
Navy	15,464	15,449	15,449	15,442	-7	0.0%
Army	30,099	30,932	30,932	29,321	-1,611	-5.2%
Air Force	14,767	15,087	15,087	15,040	-47	-0.3%
Total average funded strength	60,330	61,468	61,468	59,803	-1,665	-2.7%

Notes:

Figures in this table are average strengths; they are not a headcount. Reserves undertaking full-time service (Service Option C) are included in the figures. Employees on forms of leave without pay are not included.

- As published in the *Portfolio Budget Statements 2020–21*.
- As published in the *Portfolio Additional Estimates Statements 2021–22*.

Australian Defence Force enlistments and separations

Defence generates workforce via both ab initio recruitment and re-enlistment of personnel. In 2021–22, Defence recruited more than 8,000 personnel to permanent and Reserve roles in the Australian Defence Force.

While there are specific areas that require further improvement to attain the desired workforce numbers, overall Defence has achieved 75 per cent of its target for the recruitment of full-time Australian Defence Force members (ab initio and re-enlistment).

In 2021–22 the Australian Defence Force enlisted 5,128 permanent members, made up of 4,014 male members, 1,112 female members and two members of indeterminate gender. This was 1,068 fewer enlistments than in 2020–21.

Of the 5,128 Australian Defence Force permanent members enlisted, 960 entrants had prior military service in the Reserves (Service Categories 5, 4 and 3), the ADF Gap Year program (Service Option G) or another country or previous permanent force service. There were 4,168 ab initio entrants.

The permanent Australian Defence Force headcount (Service Categories 7 and 6) decreased by 1,422 in 2021–22. This reflects the net difference between enlistments and separations. The Reserve (Service Categories 5, 4 and 3) headcount increased by over 1,350, reflecting the implementation of the Total Workforce System in the way Defence generates personnel capability. This is also reflected in the increased number of days that personnel provided to the Reserve Service.

Tables 6.5 and 6.6 provide comparative information about Australian Defence Force permanent force (Service Categories 7 and 6) separations over the last two years.

Table 6.5: Australian Defence Force permanent force and ongoing Australian Public Service, 12-month rolling separation rates as at 30 June 2021 and 30 June 2022

	12-month rolling separation rate (%)	
	30 June 2021	30 June 2022
Navy	7.3%	9.7%
Army	11.9%	13.2%
Air Force	7.1%	8.8%
Total ADF permanent force¹	9.5%	11.2%
APS		
Ongoing APS	11.2%	14.4%

Note:

For improved accuracy, separation rates are calculated using monthly average headcounts, not end of financial year headcount figures.

1. Australian Defence Force figures are for permanent members (Service Categories 7 and 6) and do not include Reserves (Service Categories 5, 4, 3 and 2), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).

Table 6.6: Australian Defence Force permanent force (Service Categories 7 and 6) separations, 2020–21 and 2021–22

		Voluntary separations ¹	Involuntary separations ²	Age retirement	Trainee separations	Total
2020–21³						
Navy	Officers	105	41	24	41	211
	Other ranks	393	348	15	150	906
Army	Officers	222	121	26	81	450
	Other ranks	1,419	1,100	19	521	3,059
Air Force	Officers	170	60	23	22	275
	Other ranks	424	244	25	76	769
Total ADF permanent force	Officers	497	222	73	144	936
	Other ranks	2,236	1,692	59	747	4,734
	Total	2,733	1,914	132	891	5,670
2021–22						
Navy	Officers	119	52	32	51	254
	Other ranks	649	437	21	104	1,211
Army	Officers	297	134	62	70	563
	Other ranks	1,734	1,039	46	406	3,225
Air Force	Officers	247	71	20	24	362
	Other ranks	627	233	18	57	935
Total ADF permanent force	Officers	663	257	114	145	1,179
	Other ranks	3,010	1,709	85	567	5,371
	Total	3,673	1,966	199	712	6,550

Notes:

Figures in this table show permanent force (Service Categories 7 and 6) substantive headcount numbers. Reserves undertaking continuous full-time service (Service Option C) and ADF Gap Year participants (Service Option G) are not included. Separation groupings are mutually exclusive – an individual is placed in only one group, with age retirement and trainee separations taking precedence over voluntary and involuntary separations. Australian Defence Force members commencing leave or leave without pay are not included.

1. 'Voluntary' includes voluntary redundancies and resignations.
2. 'Involuntary' primarily comprises members who are medically transitioned from Defence, and personnel who were unsuitable for further duty, died while serving or were part of 'Command Initiated Transfer to the Reserve'.
3. Data for 2021–22 may not match the data provided in the *Defence Annual Report 2020–21* due to retrospective transactions.

Australian Defence Force Reserves

The number of days each Australian Defence Force Reserve member (Service Categories 5, 4 and 3) works in a year can vary substantially depending on personal circumstances and organisational need. To reflect this, Table 6.7 shows both the total number of days served by Reserve members in 2021–22 and the number of reservists who rendered paid service.

In 2021–22, there was a decrease of 53,915 days service compared with 2020–21, to a total of 1,114,946 (121,887 Navy, 737,698 Army and 255,361 Air Force), while the number of reservists undertaking service days decreased to 21,271 (1,823 Navy, 15,596 Army and 3,852 Air Force).

Table 6.7 shows the number of days served by Navy, Army and Air Force Reserve members varied (by 1.3 per cent, -2.2 per cent and 12.1 per cent respectively). The variation remains primarily for COVID-19 support.

Table 6.7: Australian Defence Force Reserve paid strength (Service Categories 5, 4 and 3), 2020–21 and 2021–22^{1,2}

	2020–21 Actual: days served (members paid)	2021–22 Budget estimate ³ : days served (members paid)	2021–22 Revised estimate ⁴ : days served (members paid)	2021–22 Actual: days served (members paid) ⁵	Variation: days served (members paid)	Percentage variation days served (members paid)
Navy	118,135	126,000	125,000	121,887	-3,113	-2.5%
	(1,757)	(1,850)	(1,800)	(1,823)	(23)	(1.3%)
Army	798,640	725,000	767,000	737,698	-29,302	-3.8%
	(15,949)	(16,000)	(15,950)	(15,596)	-(354)	-2.2%
Air Force	252,086	243,800	238,510	255,361	16,851	7.1%
	(3,739)	(3,540)	(3,435)	(3,852)	(417)	(12.1%)
Total paid Reserves	1,168,861	1,094,800	1,130,510	1,114,946	-15,564	-1.4%
	(21,445)	(21,390)	(21,185)	(21,271)	(86)	(0.4%)

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 Service Categories 5, 4 and 3. Reserves on continuous full-time service (Service Option C) are not included in this table; they are included in Table 6.3.
3. As published in the Portfolio Budget Statements 2020–21.
4. As published in the Portfolio Additional Estimates Statements 2021–22.
5. This represents the Reserve personnel who rendered service from the around 31,000 personnel across Service Categories 5, 4 and 3 who have indicated availability to render service. It does not include around 10,000 personnel in Service Category 2 who are not rendering service and may be called on as required.

Reserve Service protection

The *Defence Reserve Service (Protection) Act 2001* provides for the protection of Australian Defence Force Reserve members in their civilian employment and education. The *Defence Reserve Service (Protection) Act 2001* mitigates some of the employment and financial disadvantages that Reserve members may face when undertaking Defence services, making service easier to undertake and so enhancing Defence capability.

Under the *Defence Reserve Service (Protection) Act 2001*, employers and education providers are prohibited from discriminating against Reserve members or hindering them from rendering Defence service. A Reserve member rendering Defence service is entitled to be absent from their employment during that service and must be permitted to resume work after their Defence service ends. Education providers are required to make reasonable adjustments to accommodate a Reserve member's Defence service. Under the *Defence Reserve Service (Protection) Act 2001*, employers, education providers and others may be subject to criminal prosecution or civil penalties. An affected person may bring an action for compensation or an injunction in a court, or Defence may bring such an action on behalf of the affected person.

Since April 2019, telephone calls regarding Reserve protection issues have been directed through the 1800-DEFENCE call centre. The service provides Australian Defence Force reservists and their employers with extended access to advice, and Defence with accurate data collection on phone enquiries regarding issues related to the *Defence Reserve Service (Protection) Act 2001*.

Between 1 July 2021 and 30 June 2022, 331 calls were received in relation to the *Defence Reserve Service (Protection) Act 2001*, and 248 of these were resolved by Joint Support Services Division. Of the enquiries, 83 were resolved at the time of contact through the provision of general information regarding protections and obligations provided by the *Defence Reserve Service (Protection) Act 2001*; and 248 complex enquiries were referred to the Directorate of Reserve and Employer Support for specific advice, with an average resolution time of 7.32 days. Of the enquiries, three required senior-level intervention for resolution.

ADF Gap Year program

The ADF Gap Year program aims to give Australian school-leavers and young adults exposure to the military way of life and the roles and opportunities on offer in the Australian Defence Force. It is full-time service and referred to as Service Option G in reporting. A total of 635 participants enlisted in the 2021 program (111 Navy, 304 Army and 220 Air Force). A total of 712 participants have enlisted in the 2022 program (172 Navy, 326 Army and 214 Air Force). As at 30 June 2022, 117 members from the 2021 program and 654 members from the 2022 program were still participating.

For 2021–22, the ADF Gap Year program achieved 104.9 per cent of recruiting targets, which is a slight increase from 100 per cent in 2020–21.



Staff Cadets of the Royal Military College march across the parade ground during the June 2022 Graduation Parade at the Royal Military College, Duntroon, Canberra. CREDIT: Corporal Sagi Biderman

Table 6.8: ADF Gap Year (Service Option G) 2021 and 2022 participants, as at 30 June 2022

	Navy			Army			Air Force			ADF		Total
	Male	Female	Indeterminate	Male	Female	Indeterminate	Male	Female	Indeterminate	Male	Female	
2021 program												
Participants	52	59	-	223	81	-	111	109	-	386	249	635
Separated or inactive Reserves	11	14	-	52	12	-	16	18	-	79	44	123
Transferred to permanent ADF	31	35	-	89	34	-	50	67	-	170	136	306
Transferred to Reserves	4	3	-	50	20	-	6	6	-	60	29	89
Still participating in 2021 program	6	7	-	32	15	-	39	18	-	77	40	117
2022 program												
Participants	82	90	-	243	83	-	125	89	-	450	262	712
Separated or inactive Reserves	2	1	-	24	7	-	11	3	-	37	11	48
Transferred to permanent ADF	1	4	-	-	-	-	3	2	-	4	6	10
Transferred to Reserves	-	-	-	-	-	-	-	-	-	-	-	-
Still participating in 2022 program	79	85	-	219	76	-	111	84	-	409	245	654

Note:

Indeterminate includes any person who does not exclusively identify as either male or female, i.e. a person of a non-binary gender. People who fall into this category may use a variety of terms to self-identify.

Australian Public Service workforce

Australian Public Service staffing figures for 2020–21 and 2021–22 are shown in Table 6.9.

Table 6.9: Australian Public Service staffing figures, 2020–21 and 2021–22

APS staffing measure	2020–21 ¹	2021–22	Variation
For workforce planning purposes			
Actual full-time equivalent (paid strength as at 30 June)	16,232	15,907	-325
Average full-time equivalent (over the financial year)	16,454	15,821	-633
For other statistical data			
Headcount (on duty/leave, full-time or part-time, paid/unpaid)	17,092	16,927	-165

Note:

Figures include both ongoing and non-ongoing Australian Public Service employees.

- 2020–21 headcount figures have been adjusted from those reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.

Table 6.10 shows details of the Australian Public Service average strength, expressed as average full-time equivalent, for 2021–22. Australian Public Service average strength was 15,821 in 2021–22. This was a decrease of 633 from the 2020–21 figure of 16,454.

Table 6.10: Australian Public Service workforce, average full-time equivalent, 2020–21 and 2021–22

	2020–21 Actual	2021–22 Budget estimate ¹	2021–22 Revised estimate ²	2021–22 Actual	Variation ³	%
APS	16,454	16,405	16,595	15,821	-774	-4.7%

Notes:

These figures are average full-time equivalent; they are not a headcount.

- As published in the Portfolio Budget Statements 2020–21.
- As published in the Portfolio Additional Estimates Statements 2021–22.
- Variation refers to the difference between the 2021–22 revised estimate and actual figures.

Table 6.11 shows the actual full-time equivalent at the last pay in 2021–22, which at 15,907 was 325 less than the final pay figure in 2020–21 of 16,232.

Table 6.11: Australian Public Service workforce, end-of-year actual full-time equivalent, 2020–21 and 2021–22

	2020–21 Actual ¹	2021–22 Actual ²	Variation	%
Total APS	16,232	15,907	-325	-2.0%

Notes:

Figures in this table are actual full-time equivalent for the last payday of 2021–22. Employees on forms of leave without pay are not included. The figures differ from Table 6.10 as that table shows the average full-time equivalent across the full year.

- As published in the *Portfolio Budget Statements 2020–21*.
- As published in the *Portfolio Budget Statements 2021–22*.

Defence graduate and entry-level programs

The Defence Graduate Program continues to deliver vital people capability to address workforce challenges and emerging needs of the organisation and aligns our workforce to Government requirements.

Defence also participates in the Australian Government Graduate Program by recruiting corporate, enabling, Indigenous and data graduates through a centralised process. This approach maximises efficiencies across the Australian Public Service and allows candidates to be considered for a number of Commonwealth agencies with one application.

In 2021–22, 282 graduates commenced the Defence Graduate Program, representing an increase of 63 per cent from 2020–21 and contributing 11.7 per cent of the total ongoing Australian Public Service workforce recruited to Defence. Defence also manages the Indigenous Graduate Pathway on behalf of the Australian Government, which aims to address the under-representation of First Nations people as employees of the Australian Public Service. In 2022, Defence welcomed three Indigenous graduates into the organisation. For 2023, the recruitment target through the Indigenous Graduate Pathway recruitment activity is five Indigenous graduates.

In 2021–22, 136 individuals commenced other entry-level programs in Defence. An additional 22 Indigenous participants commenced employment in Defence during the 2021–22 cohort intake for the Indigenous-specific entry-level programs.

Defence STEM Cadetship Program

The STEM Cadetship Program provides an entry-level employment pathway for high-performing university students who are currently studying a relevant STEM degree. STEM cadets are employed in the Australian Public Service, where they are provided with real-world and practical work experience in Defence.

The program addresses the department's future STEM workforce needs by promoting careers in Defence. There are currently 117 active STEM cadets in the program. Defence will continue to focus on increasing numbers, while further developing and reforming the STEM Cadetship Program over the coming years.

Australian Public Service recruitment and separations

Defence recruited 2,416 Australian Public Service employees during 2021–22, including 282 as part of the Defence Graduate Program.

The Australian Public Service headcount decreased by 165, which reflects the net difference between recruitment and separations. The majority of separations were due to resignation or retirement from Defence (Table 6.12).

Table 6.12: Australian Public Service separations, 2020–21 and 2021–22

	Voluntary redundancy ¹	Involuntary separations ²	Resignation/retirement ³	Transfers ⁴	Total
2020–21⁵					
Senior Executive Service	–	–	5	11	16
Executive Levels 1 and 2	120	10	329	118	577
Other levels	204	57	1104	221	1,586
Total APS	324	67	1,438	350	2,179
2021–22					
Senior Executive Service	–	–	22	7	29
Executive Levels 1 and 2	37	12	477	220	746
Other levels	102	31	1259	414	1,806
Total APS	139	43	1,758	641	2,581

Notes:

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

1. Voluntary redundancies are those that are program initiated. In 2020, Defence realigned its Australian Public Service workforce to deliver the *2020 Defence Strategic Update* and the *2020 Force Structure Plan*. This resulted in the number of employees who separated through voluntary redundancy in 2020–21 being higher than usual.
2. Involuntary figures include breach of conduct, invalidity retirement, involuntary redundancies, a lack of qualifications, non-performance, term probation and death.
3. Resignation/retirement figures include resignation, retirement (minimum age and Senior Executive Service) and completion of non-ongoing term.
4. Transfers are those who have transferred to other government departments.
5. Some 2020–21 figures have been adjusted from those reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.



Recruit Charlene Bartak from Echo Company, 1st Recruit Training Battalion, wades through a water obstacle as part of the bayonet assault course during recruit training at Kapooka, New South Wales. CREDIT: Corporal Sagi Biderman

Actual workforce

This section provides workforce information as at 30 June 2022 and outlines changes in the workforce that occurred during 2021–22. Tables 6.13 to 6.19 show numbers of people, employment categories, locations, and gender information. The numbers of Star-ranked and Senior Executive Service officers are also provided at Tables 6.15 and 6.16. The information is based on headcount.

At 30 June 2022, Defence had a permanent workforce of 74,834, comprising 58,197 permanent Australian Defence Force members (Service Categories 7 and 6), and 16,637 ongoing Australian Public Service employees. An additional 290 Australian Public Service employees were employed on a non-ongoing basis (Table 6.18).

The Reserve (Service Categories 5, 4 and 3) headcount increased by 1,369 to 31,003 (including Reserve members on continuous full-time service (Service Option C). The total Australian Defence Force workforce was 89,200 and included 19,186 Navy permanent and Reserve members, 49,129 Army permanent and Reserve members, and 20,885 Air Force permanent and Reserve members. At 30 June 2022, 1,066 reservists were also Defence Australian Public Service employees.

Table 6.13: Defence workforce headcount as at 30 June 2021 and 30 June 2022

	Navy	Army	Air Force	ADF ²	APS ³
Headcount 30 June 2021 ¹	15,287	29,448	14,884	59,619	17,092
Additions	1,135	2,727	1,266	5,128	2,416
Separations	1,465	3,788	1,297	6,550	2,581
Headcount 30 June 2022	14,957	28,387	14,853	58,197	16,927
Change	-330	-1,061	-31	-1,422	-165

Notes:

Figures in this table show substantive headcount numbers.

- Some 2020–21 figures have been adjusted from those reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.
- Australian Defence Force figures are for permanent members (Service Categories 7 and 6) and do not include Reserves (Service Categories 5, 4, 3 and 2), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
- Australian Public Service figures include paid and unpaid employees, which covers full-time, part-time, suspended, ongoing and non-ongoing employees.

Table 6.14: Defence workforce by employment location as at 30 June 2022

	NSW	VIC ¹	QLD	SA	WA	TAS	NT	ACT ²	O/S ³	Total
Permanent force⁴										
Navy	6,590	1,575	786	169	2,862	16	682	2,053	224	14,957
Army	5,249	3,028	11,448	1,854	879	50	2,650	2,960	269	28,387
Air Force	4,328	1,129	3,438	2,007	312	13	941	2,366	319	14,853
Subtotal	16,167	5,732	15,672	4,030	4,053	79	4,273	7,379	812	58,197
Reserves⁵										
Navy	1,362	336	521	102	404	72	100	1,329	3	4,229
Army	5,719	3,512	5,451	1,525	2,101	508	707	1,215	4	20,742
Air Force	1,767	430	1,541	787	236	47	111	1,113		6,032
Subtotal	8,848	4,278	7,513	2,414	2,741	627	918	3,657	7	31,003
Total ADF	25,015	10,010	23,185	6,444	6,794	706	5,191	11,036	819	89,200
APS⁶										
Total APS	2,257	3,148	1,174	2,009	487	64	204	7,458	126	16,927

Notes:

Figures in this table are based on substantive location for the Australian Defence Force and actual location for the Australian Public Service. Actual location provides a more reliable indication of an Australian Public Service employee's location, so actual location has been used for the report.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
3. Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.
4. Permanent Force (Service Categories 7 and 6) does not include ADF Gap Year (Service Option G), which had 775 participants on 30 June 2022. Gap Year participants may be employed in multiple locations during their period of service.
5. Reserves include all members (Service Categories 5, 4 and 3) and Reserves undertaking continuous full-time service (Service Option C). This does not include Reserve Service Category 2.
6. Includes paid and unpaid employees, which covers full-time, part-time, ongoing and non-ongoing employees. The 30 June 2022 figures for the Australian Public Service include 1,066 Australian Public Service employees who are also counted as Reserve members.

Table 6.15: Star-ranked officers as at 30 June 2022

	Star-ranked officers ¹			2021–22 engagements ²			2021–22 separations		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Four-star									
Navy	–	–	–	–	–	–	–	–	–
Army	1	–	1	–	–	–	–	–	–
Air Force	–	–	–	–	–	–	–	–	–
Three-star									
Navy	3	–	3	–	–	–	1	–	1
Army	4	–	4	–	–	–	–	–	–
Air Force	1	–	1	–	–	–	–	–	–
Two-star									
Navy	9	3	12	3	–	3	2	–	2
Army	19	4	23	6	–	6	3	1	4
Air Force	12	2	14	5	–	5	1	–	1
One-star									
Navy	39	4	43	7	–	7	6	–	6
Army	52	6	58	12	1	13	6	3	9
Air Force	33	13	46	8	6	14	6	1	7
Total	173	32	205	41	7	48	25	5	30

Notes:

- Figures in this table show members in Service Categories 7 and 6, at their substantive rank. Reserves undertaking full-time service (Service Option C) are not included in the figures. Figures exclude members who do not exclusively identify as either male or female.
- Figures in this table show substantive promotions only.

Table 6.16: Australian Public Service Senior Executive Service employees as at 30 June 2022

	Total Senior Executive Service ¹			2021–22 engagements ^{2,3}			2021–22 separations ^{2,4}		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Senior Executive									
Secretary	1	–	1	–	–	–	–	–	–
Band 3	5	3	8	1	–	1	3	1	4
Band 2 ⁵	19	13	32	2	2	4	6	–	6
Band 1 ⁶	43	61	104	5	8	13	11	5	16
Chief of Division									
Grade 2	6	2	8	1	–	1	1	1	2
Grade 1	2	1	3	–	1	1	1	–	1
Total APS	76	80	156	9	11	20	22	7	29

Notes:

- Figures in this table show employee numbers at their substantive level, but not employees on long-term leave (6), secondment or temporary transfer to other departments (9). Figures exclude employees who do not exclusively identify as either male or female.
- Gains and losses do not reflect movement of officers between levels in each of the Senior Executive Service and Chief of Division streams.
- Engagement figures include new engagements and transfers from other agencies only.
- Separation figures include resignations, retirements, redundancies, and promotions and transfers to other departments.
- Senior Executive Service Band 2 includes Medical Officer Grade 6.
- Senior Executive Service Band 1 includes Medical Officer Grade 5.

Table 6.17: Australian Public Service Executive Level employees and below, by gender and classification as at 30 June 2022

	30 June 2022 headcount			2021–22 engagements			2021–22 separations		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Executive Level									
Executive Level 2	1,223	621	1,844	69	64	133	149	70	219
Executive Level 1	2,220	1,626	3,846	143	172	315	293	233	526
Subtotal	3,443	2,247	5,690	212	236	448	442	303	745
Other staff									
APS Level 6	2,701	2,223	4,924	249	301	550	409	358	767
APS Level 5	1,221	1,335	2,556	167	246	413	213	192	405
APS Level 4	641	1,001	1,642	85	212	297	109	143	252
APS Level 3	392	667	1,059	51	110	161	57	107	164
APS Level 2	367	284	651	275	130	405	105	68	173
APS Level 1	137	72	209	63	41	104	23	15	38
Subtotal	5,459	5,582	11,041	890	1,040	1,930	916	883	1,799
Total APS	8,902	7,829	16,731	1,102	1,276	2,378	1,358	1,186	2,544

Notes:

Figures in this table show ongoing and non-ongoing employee substantive headcount numbers.

Figures include paid, unpaid, full-time and part-time employees.

Figures exclude employees who do not exclusively identify as either male or female.

Table 6.18: Australian Public Service employees by gender as at 30 June 2021 and 30 June 2022

	30 June 2021 ¹			30 June 2022		
	Full-time	Part-time ²	Total	Full-time	Part-time ²	Total
Ongoing employees						
Male	8,954	190	9,144	8,665	182	8,847
Female	6,782	915	7,697	6,901	867	7,768
Indeterminate ³	9	1	10	21	1	22
Total ongoing	15,745	1,106	16,851	15,587	1,050	16,637
Non-ongoing employees						
Male	92	18	110	108	30	138
Female	109	17	126	121	28	149
Indeterminate ³	3	2	5	2	1	3
Total non-ongoing	204	37	241	231	59	290
Total APS employees						
Male	9,046	208	9,254	8,773	212	8,985
Female	6,891	932	7,823	7,022	895	7,917
Indeterminate ³	12	3	15	23	2	25
Total	15,949	1,143	17,092	15,818	1,109	16,927

Notes:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees.

1. Some 30 June 2021 figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* 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.
3. Indeterminate includes any person who does not exclusively identify as either male or female, i.e. a person of a non-binary gender. People who fall into this category may use a variety of terms to self-identify.

Table 6.19: Australian Defence Force permanent (Service Categories 7 and 6), Gap Year (Service Option G) and Reserve forces (Service Categories 5, 4 and 3) and Australian Public Service by gender as at 30 June 2021 and 30 June 2022

	30 June 2021 ¹				30 June 2022			
	Male	%	Female	%	Male	%	Female	%
Navy permanent²								
Trained force								
Officers	2,263	14.8%	659	4.3%	2,310	15.4%	719	4.8%
Other ranks	7,807	51.1%	2,288	15.0%	7,549	50.5%	2,276	15.2%
Training force								
Officers	766	5.0%	273	1.8%	794	5.3%	271	1.8%
Other ranks	927	6.1%	300	2.0%	785	5.3%	248	1.7%
Total Navy	11,763	77.0%	3,520	23.0%	11,438	76.5%	3,514	23.5%
Army permanent²								
Trained force								
Officers	4,644	15.8%	983	3.3%	4,560	16.1%	959	3.4%
Other ranks	17,485	59.4%	2,864	9.7%	16,686	58.8%	2,755	9.7%
Training force								
Officers	720	2.4%	205	0.7%	699	2.5%	212	0.7%
Other ranks	2,139	7.3%	405	1.4%	2,149	7.6%	364	1.3%
Total Army	24,988	84.9%	4,457	15.1%	24,094	84.9%	4,290	15.1%
Air Force permanent²								
Trained force								
Officers	3,547	23.8%	1,130	7.6%	3,507	23.6%	1,147	7.7%
Other ranks	6,289	42.3%	2,137	14.4%	6,168	41.5%	2,196	14.8%
Training force								
Officers	649	4.4%	254	1.7%	680	4.6%	274	1.8%
Other ranks	606	4.1%	271	1.8%	613	4.1%	266	1.8%
Total Air Force	11,091	74.5%	3,792	25.5%	10,968	73.9%	3,883	26.1%
ADF permanent²								
Trained force								
Officers	10,454	17.5%	2,772	4.7%	10,377	17.8%	2,825	4.9%
Other ranks	31,581	53.0%	7,289	12.2%	30,403	52.3%	7,227	12.4%
Training force								
Officers	2,135	3.6%	732	1.2%	2,173	3.7%	757	1.3%
Other ranks	3,672	6.2%	976	1.6%	3,547	6.1%	878	1.5%
Total ADF permanent	47,842	80.3%	11,769	19.7%	46,500	79.9%	11,687	20.1%
ADF Gap Year								
Navy	53	8.6%	67	10.9%	88	11.4%	92	11.9%
Army	205	33.4%	74	12.1%	252	32.5%	91	11.7%
Air Force	107	17.4%	108	17.6%	150	19.4%	102	13.2%

(Table 6.19 continued)

	30 June 2021 ¹				30 June 2022			
	Male	%	Female	%	Male	%	Female	%
Total ADF Gap Year	365	59.4%	249	40.6%	490	63.2%	285	36.8%
Reserves^{2,3}								
Navy	3,030	10.2%	891	3.0%	3,268	10.5%	961	3.1%
Army	16,993	57.3%	3,116	10.5%	17,448	56.3%	3,293	10.6%
Air Force	4,372	14.8%	1,232	4.2%	4,681	15.1%	1,351	4.4%
Total Reserves	24,395	82.3%	5,239	17.7%	25,397	81.9%	5,605	18.1%
APS^{2,4}								
Total APS	9,254	54.2%	7,823	45.8%	8,985	53.2%	7,917	46.8%

Notes:

Figures in this table show substantive headcount numbers. 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.

1. Some 30 June 2021 figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.
2. Figures exclude employees who do not exclusively identify as either male or female.
3. Reserves include all members (Service Categories 5, 4 and 3) and Reserves undertaking continuous full-time service (Service Option C). This does not include Reserve Service Category 2.
4. Figures include paid, unpaid, full-time, part-time, ongoing and non-ongoing employees. The 30 June 2022 figures for the Australian Public Service include 1,066 Australian Public Service employees who are also counted as Reserve members.

Australian Defence Force Cadets

The Australian Defence Force Cadets is the collective term for the ‘federation’ of single-Service (Navy, Army and Air Force) cadet organisations. The single-Service cadet organisations operate in partnership with communities to deliver youth development programs Australia-wide.

As at 30 June 2022, there are 27,834 cadets currently enrolled in three cadet programs; 4,405 officers of cadets, instructors of cadets, and ‘approved helpers’ who supervise and support the young people in the programs; and 579 Australian Defence Force Cadets units across all states and territories.

As a partnership with communities, these programs are Defence sponsored, rather than wholly Defence owned. The programs are inclusive, non-discriminatory, and open to young people from 13 to 18 years of age of all abilities, provided their needs do not compromise the safety of any participants.

While the single-Service cadet programs are commanded by their respective Services and have distinct identities that reflect the customs and cultures of their parent Services, they share common organisational attributes. The Head of Australian Defence Force Cadets, supported by the Cadets Directorate, has a responsibility to provide a single Defence conduit to the three cadet programs and optimise standardisation across the three Service programs.

2021–22 highlights

ADF Cadets

In June 2016, the Defence case study of the Royal Commission into Institutional Responses to Child Sexual Abuse identified areas for improvement in Defence's administration of the respective Service cadet programs, and inconsistencies in the three Services' governance of their cadet organisations. The Defence Chiefs of Service Committee approved the One Cadet project to reform aspects of the ADF Cadets program in October 2016.

A review of One Cadet commenced in 2021 and sought to identify lines of effort to transition from the transformative approach set in the *2016 Defence White Paper*, to an enduring ADF Cadets model. The report was agreed and accepted by the respective ADF Cadets Service representatives in May 2022.

In 2022, the former Minister for Defence announced plans to grow the ADF Cadets program by up to 10 per cent from its 2020–21 figure of 28,000 cadets. To support this growth initiative, it was also announced that General the Honourable Sir Peter Cosgrove AK CVO MC (Retd) was to be appointed as the inaugural Patron of the ADF Cadets. This position seeks to promote the ADF Cadets and to increase its profile within the Australian community.

Some of the initiatives developed to support the growth of the ADF Cadets are:

- the adult volunteers campaign; and
- cadet facilities.

Defence's modernisation of CadetNet will focus on community engagement to grow cadet and volunteer numbers in units in rural and remote areas, including Indigenous communities; seeking greater inclusion of veterans, in particular those transitioning, and Reserve Defence members to volunteer to support ADF Cadets; and incorporating new STEM features in ADF Cadets youth development programs to motivate participants and make the programs more attractive and relevant to the Australian labour market.

Youth

Defence has more than 30 youth programs and activities that are grouped in locations that align with current Australian Defence Force establishments. Engagement with youth is an important component of Defence's connection to communities, educational institutions, and sporting organisations.

Defence youth programs and activities are closely aligned to the *2016 Defence White Paper* initiatives to increase opportunities for priority diversity target groups, including female students, Aboriginal and Torres Strait Islander students, students from culturally and linguistically diverse backgrounds, and students studying STEM-related disciplines.

On 21 December 2021, the Acting Chief of Joint Capabilities approved the Defence Youth Policy Manual Part 3, providing policy guidance to support the effective delivery of the Defence Work Experience Program. Part 3 includes youth protection policy, code of conduct undertakings, work, health and safety responsibilities, and risk management procedures, including working with children suitability screening and checks, and diversity and inclusion principles.

In March 2022, Defence hosted an inaugural virtual Defence Youth Safe Forum. The theme for the Forum was 'Youth Safe Culture – Embed, Empower, Champion'. The aim of the forum was to educate Defence personnel involved in youth engagement. The forum demonstrates Defence's commitment to the National Principles for Child Safe Organisations and to reinforcing a youth safe culture that promotes positive experiences through safe, challenging, and rewarding activities. The forum also demonstrates commitment to enhancing the capability of the joint workforce through a coordinated, coherent, and governed approach to youth in Defence and the ADF Cadets program.

Australian Navy Cadets

Despite continued COVID-19 limitations and requirements, cadets and adults participated in a range of enjoyable and rewarding activities over 2021–22 including parades at local units, tours of Navy ships and submarines, tall ship sailing experiences, flotilla training events, ceremonial support in regional areas, and overnight camps.

The significant maritime-focused activities included sail and powerboat training (throughout Australia), a Navy fleet engagement activity held in Sydney, and a marine skills camp which introduced cadets to elements of the maritime industry at the Australian Maritime College in Launceston, Tasmania.

Navy and the Australian Navy Cadets are on track to deliver the outcomes of *Australian Navy Cadets – A Passage Plan to 2023*, which details the strategic reorientation and enhancement of the Australian Navy Cadets youth development program. The Australian Navy Cadets National Cadet Continuum and Training Program commenced development in October 2021 and is scheduled to be complete and ready for implementation in the first quarter of 2023. The initiative is focused on learning outcomes and the delivery of stimulating and challenging activities in order to instil commonality across the Australian Navy Cadets.

Growth of up to 10 per cent by March 2023 is on track to be delivered with the establishment of two new Australian Navy Cadets units: Navy Training Ship *Comet* at Secret Harbour (Western Australia), and Navy Training Ship *Brisbane* at New Farm (Queensland) in April 2022. A key element of the Australian Navy Cadets growth strategy is the reinvigoration of underperforming units in regional areas. The strategy has produced positive results in Kalgoorlie (Training Ship *Kalgoorlie*), with increased interest from the local community, including more adult volunteers joining the Australian Navy Cadets.

The Australian Navy Cadets have continued to build and strengthen relationships with Indigenous communities and organisations. In October 2021, Training Ship *Carpentaria* (Thursday Island, Queensland) returned to parading for the first time since 2017, with 38 cadets parading. The Australian Navy Cadets have also formed a strategic relationship through the use of shared facilities at Training Ship *Bundaberg* (Bundaberg, Queensland) with Gidarjil Development Corporation in November 2021.

The Australian Navy Cadets continue to update its aged fleet of sail watercraft with modern, fit-for-purpose RS *Quest* dinghies, with 48 delivered in 2021–22 and an additional 48 scheduled to be delivered each financial year over the next three years. The RS *Quest* dinghies are used by Australian Sailing and, once qualified, cadets will receive an Australian Sailing qualification. Navy is currently reviewing options to modernise its powered watercraft, which can be used both as safety vessels and for training.

As at 30 June 2022, the Australian Navy Cadets has 2,192 cadets and 476 officers of cadets. Of the total number of cadets, 724 (33 per cent) are female and 150 (7 per cent) are Indigenous.

Australian Army Cadets

The Australian Army Cadets have established seven new units in the last year: Hamilton (Victoria), Kangaroo Island (South Australia), Immanuel College (South Australia), Kempsey (New South Wales), Scottsdale (Tasmania), Corinda (Southeast Queensland), and Victoria Barracks, Sydney (New South Wales). Additionally, a number of units have achieved significant growth in size.

Recent support to ANZAC Day 2022 signalled the beginning of a return to pre-COVID normality for the cadets. More than 9,300 Army cadets and Australian Army Cadets staff embraced the opportunity to participate in approximately 337 community ANZAC Day activities for the first time in three years. This included activities in remote areas such as Jabiru, Tennant Creek, and Broome.

The Australian Army Cadets program adapted well to the COVID-19 environment over 2021–22, with most regions conducting an annual field exercise and cadet leadership courses in this period. Headquarters Australian Army Cadets have been able to deliver a hybrid training solution of a face-to-face hub and online satellites to deliver adult volunteer training courses and begin to address a critical training backlog due to COVID-19 limitations.

In addition to the 'baseline' activities of the Cadet Development Continuum core and local community engagement, the priority for 2021–22 was the delivery of national-level activities for the cadets, including the centrally conducted Chief of Army Cadet Team Challenge and regionally conducted Regimental Sergeant Major of the Army Drill Competition. COVID-19 restrictions continued to necessitate a regionally based solution for the conduct of the nationally recognised Adventure Training Award, which has been disaggregated to regional commands, supported by very clear concept guidance to ensure standards are maintained and the award retains its significance. Australian Army Cadets teams again performed strongly in Cyber Taipan in 2021, and STEM remains a priority focus for the development of the Cadet Development Continuum.

The Australian Army Cadets is transitioning from the Transformation Program (2016–2021) to a business-as-usual model, underpinned by a new command system which includes continuous improvement as an enduring output. It is a testament to the resilience of the Australian Army Cadets program that both cadet and adult volunteer numbers have continued to grow during the COVID-19 pandemic.

As at 30 June 2022, the Australian Army Cadets have 18,415 cadets and 2,266 adult volunteers. Of the total cadet numbers, 4,512 (25 per cent) are female and 637 (3 per cent) are Indigenous.

Australian Air Force Cadets

In 2021, the Australian Air Force Cadets celebrated the 80th anniversary of its official formation on 28 February 1941. In response to the ongoing impact of COVID-19 during 2021, the Australian Air Force Cadets continued to implement a phased recovery program to reintroduce home parades and intrastate activities (under mandated safety controls) for nine regional wings across Australia.

The Australian Air Force Cadets Elementary Flying Training School flights at RAAF Bases Richmond, Point Cook, and Amberley, and the Australian Air Force Cadets Gliding Training School flights at Warwick (Queensland), Bathurst (New South Wales), and Balaklava (South Australia) have resumed normal operations in 2022.

The Australian Air Force Cadets Aviation Operations Wing has provided an air experience for approximately 3,700 cadets between July 2021 and June 2022, which included powered flying and gliding. The Elementary Flying Training School flights have greatly expanded the Australian Air Force Cadets capability to provide safe, high-quality flying experiences and training to solo standard in 12 leased Diamond DA40NG aircraft. The Elementary Flying Training School flights cover 70 per cent of the Australian Air Force Cadets population across Australia. The DA40NG aircraft are supplemented by other powered aircraft under a Powered Service Provider program, to ensure all Australian Air Force Cadets wings have access to the powered flying program. The Air Force and Australian Air Force Cadets also operate Gliding Training School flights with a fleet of 11 Air Force gliders that provide flying experiences and training for cadets.

The Air Force and the Australian Air Force Cadets worked on the following initiatives in 2021–22:

- transforming the Australian Air Force Cadets education and experience programs with STEM-inspired initiatives, virtual reality simulation, robotics, flight simulation, cyber security, space, and uncrewed aviation systems;
- the Adult Learning Continuum Redevelopment Project, which defined the training gap for approximately 1,600 Australian Air Force Cadets adult volunteers; and
- the Cadet Learning Continuum Review Project, an experiential growth opportunity whereby cadets experience a contemporary, flexible, and consistent national curriculum.

As at 30 June 2022, the Australian Air Force Cadets have 7,227 cadets and 1,663 adult volunteers. Of the total cadet numbers, 1,971 (27 per cent) are female and 199 (3 per cent) are Indigenous.

Remuneration and benefits

Remuneration is a key component of the Defence employment package. It attracts people to join Defence and plays a significant role in retaining talent. Defence's employment offer provides fair and competitive remuneration, consistent with the parameters set by the Government.

The diverse remuneration structures of the Australian Defence Force and Australian Public Service are explained further in this section.

Australian Defence Force members

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

The *Workplace Remuneration Arrangement 2020–2023* is the framework that allows for annual wage adjustments for Australian Defence Force members. Maintaining competitive remuneration helps to attract and retain military people, and forms a significant part of Australian Defence Force members' total employment package.

The Workplace Remuneration Arrangement increases salary and salary-related allowances in return for enhanced Defence capability. Other conditions of service are determined by the Deputy Prime Minister and Minister for Defence under section 58B of the *Defence Act 1903*.

Table 6.20 details salary ranges for permanent Australian Defence Force members as at 30 June 2022.

Table 6.20: Permanent Australian Defence Force salary ranges as at 30 June 2022

Rank	Salary range (\$)	
	Minimum	Maximum
Officer of the permanent force (equivalent)		
Lieutenant General (E) ¹	\$420,932	\$498,954
Major General (E) ²	\$249,974	\$343,501
Brigadier (E) ^{2,3}	\$205,212	\$331,501
Colonel (E) ^{2,3,5}	\$160,650	\$320,388
Lieutenant Colonel (E) ^{2,4}	\$136,736	\$307,591
Major (E) ^{2,4}	\$111,136	\$296,725
Captain (E) ^{2,4}	\$90,479	\$285,801
Lieutenant (E) ⁵	\$77,885	\$145,898
2nd Lieutenant (E) ⁵	\$73,809	\$137,253
Other rank of the permanent force (equivalent)		
Warrant Officer Class 1 (E)	\$100,178	\$145,743
Warrant Officer Class 2 (E)	\$93,503	\$136,193
Staff Sergeant (E)	\$90,893	\$131,940
Sergeant (E)	\$82,927	\$126,865
Corporal (E)	\$73,700	\$117,260
Lance Corporal (E)	\$69,043	\$110,088
Private Proficient (E)	\$67,938	\$108,983
Private (E)	\$66,855	\$107,095

Notes:

1. Some Lieutenant General (E) rates are set by the Remuneration Tribunal.
2. Includes rates for Medical Officers.
3. Includes rates for Chaplains.
4. Excludes Medical Procedural Specialists.
5. Includes transitional rates for other rank appointed as officer.

Non-Senior Executive Service Australian Public Service employees

Australian Defence Force (non-Senior Executive Service) employees have their terms and conditions of employment set out in an Enterprise Agreement made under the *Fair Work Act 2009*. The agreement is developed through consultation with employees and their representatives and is negotiated consistent with legislation and government policy. *The Defence Enterprise Agreement 2017–2020* nominally expired on 16 August 2020; however, it will continue to operate alongside the determination made under subsection 24(1) of the *Public Service Act 1999* signed by the Secretary, which provides three consecutive annual increases to salary and salary-related allowances throughout the three-year period to August 2023.

Table 6.21 details Defence Australian Public Service salary rates as at 30 June 2022. The majority of Defence employees receive salaries within the standard ranges. However, the Enterprise Agreement allows for remuneration and other benefits to be varied so that Defence can develop, attract and retain selected employees with the necessary skills and knowledge to deliver capability.

Table 6.21: Australian Public Service salary ranges as at 30 June 2022

Classification	Minimum	Maximum	Individual arrangements ¹
Senior Executive Service salary arrangements			
SES Band 3	\$251,898	\$300,124	\$549,791
SES Band 2 ²	\$202,575	\$253,110	\$412,500
SES Band 1 ³	\$166,943	\$213,618	\$265,208
Non-Senior Executive Service salary arrangements⁴			
	Minimum	Maximum	Special pay points
Executive Level 2	\$123,159	\$147,828	\$197,196 ⁵
Executive Level 1	\$106,074	\$119,651	\$147,828 ⁶
APS Level 6	\$83,928	\$95,873	\$98,766 ⁷
APS Level 5	\$76,611	\$82,059	\$82,692 ⁸
APS Level 4	\$69,811	\$76,215	–
APS Level 3	\$61,630	\$67,907	–
APS Level 2	\$54,105	\$60,825	\$61,451 ⁹
APS Level 1	\$47,808	\$53,667	–

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 Agreement 2017–2020*.
5. Maximum rate for Executive Level 2.1, Executive Level 2.2, 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.



Defence Space Command, Australian Public Service and Industry representatives outside the Electro Optic Systems facilities at Mount Stromlo Observatory, Canberra. Left to right: Staff Officer Space Legal, Flight Lieutenant Diana Dabrowska, Thales Defence and RAAF Account Director, Mr David Jeppesen, Electro Optic Systems Marketing Officer Ms Cinzia Nash, Australian Strategic Policy Institute Representative Mr Sunny Cao and Space Electronic Warfare Staff Officer Major Cameron Porter. CREDIT: Leading Aircraftman Adam Abela

Table 6.22 shows the number of employment arrangements for Senior Executive Service and non-Senior Executive Service employees.

Table 6.22: Primary employment arrangements of Senior Executive Service and non-Senior Executive Service employees

Primary agreement title	SES	Non-SES ¹	Total ²
Enterprise Agreement	–	16,756	16,756
Section 24(1) Public Service Act Determination	170	–	170
Total	170	16,756	16,926

Notes:

1. Non-Senior Executive Service salary ranges are provided under the Defence Australian Public Service (Salary adjustment) Determination 2019 made under subsection 24(1) of the *Public Service Act 1999*. The primary terms and conditions of employment for Defence Australian Public Service employees are set out in the *Defence Enterprise Agreement 2017–2020*.
2. The Secretary is not included in the above figures as this is a statutory appointment.

Australian Public Service benefits

All Defence Australian Public Service employees enjoy a range of non-salary-related benefits. These include generous leave entitlements and access to flexible working arrangements such as flex time, part-time work, and teleworking. Defence invests heavily in training and development of staff and has a number of formal and informal schemes to recognise exemplary performance and achievements.

Senior Leadership Group

During the reporting period to 30 June 2022, Defence had 23 executives who met the definition of key management personnel. Their names and lengths of term as key management personnel are shown in Table 6.23.

Table 6.23: Key management personnel, 2021–22

Name	Position	Term as key management personnel
Mr Greg Moriarty	Secretary	Full-year
GEN Angus Campbell	Chief of the Defence Force	Full-year
VADM David Johnston RAN	Vice Chief of the Defence Force	Full-year
Mr Matt Yannopoulos	Associate Secretary	Part-year – appointed 04/10/2021
Ms Katherine Jones	Associate Secretary	Part year – ceased 15/08/2021
VADM Michael Noonan RAN	Chief of Navy	Full-year
LTGEN Richard Burr	Chief of Army	Full-year
AIRMSHL Mel Hupfeld	Chief of Air Force	Full-year
LTGEN Gregory Bilton	Chief Joint Operations	Full-year
Mr Steven Groves	Chief Finance Officer	Full-year
Mr Stephen Pearson	Chief Information Officer	Full-year
Mr Peter Tesch	Deputy Secretary Strategy, Policy and Industry	Full-year
Ms Justine Greig	Deputy Secretary Defence People	Full-year
VADM Jonathan Mead RAN	Chief of Joint Capabilities	Part-year – to 23/9/2021
	Chief of Nuclear Powered Submarine Task Force	Part-year – appointed 24/9/2021
Mr Steven Grzeskowiak	Deputy Secretary Security & Estate	Part-year – ceased 10/10/2021
Ms Celia Perkins	Deputy Secretary Security & Estate	Part Year - from 2/8/2021
Prof Tanya Monro	Chief Defence Scientist	Full-year
Mr Tony Fraser	Deputy Secretary Capability Acquisition and Sustainment	Part-year – ceased 10/06/2022
Mr Tony Dalton	Deputy Secretary National Naval Shipbuilding	Full-year
LTGEN Gavan Reynolds	Chief of Defence Intelligence	Full-year
RADM Ian Murray RAN	Acting Chief of Joint Capabilities	Full-year
Ms Sally Druhan	Acting Chief Finance Officer	Part-year – 26/7/2021 – 4/10/2021 and 28/2/2022 – 14/3/2022
RADM Christopher Smith	Acting Chief of Navy	Part-year – 08/07/2021 – 17/7/2021, 15/10/2021 – 25/10/2021, 20/12/2021 – 17/01/2022 and 21/2/2022 – 5/03/2022

Table 6.24: Key management personnel remuneration, 2021–22

	\$
Short-term benefits:	
Base salary	9,661,971
Bonus	–
Other benefits and allowances	612,292
Total short-term benefits	10,274,262
Superannuation	1,970,179
Total post-employment benefits	1,970,179
Other long-term benefits:	
Long service leave	225,185
Total other long-term benefits	225,185
Termination benefits	–
Total key management personnel remuneration	12,469,627

Notes:

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Deputy Prime Minister and Minister for Defence, Minister for Defence Industry, Minister for Veterans' Affairs and Defence Personnel and Assistant Minister for Defence and Veterans' Affairs. The remuneration and other benefits for these Ministers are not paid by the Department of Defence.
2. The total number of key management personnel that are included in the above table is 23 (2020–21: 24). There are three acting key management personnel included in this figure (2020–21: four).

Australian Defence Force senior officers

All Australian Defence Force senior officers (excluding statutory/public officeholders) are remunerated under the *2017–2020 Australian Defence Force Workplace Remuneration Arrangement*. Other non-pay-related conditions of service are determined by the Deputy Prime Minister and Minister for Defence under section 58B of the *Defence Act 1903*.

Public officeholders

Public officeholders, 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*. The Tribunal has decided to increase remuneration by 2.75 per cent for public officers in its jurisdiction from 1 July 2022.

Senior Executive Service

Senior Executive Service terms and conditions of employment are set by a single determination made under section 24(1) of the *Public Service Act 1999*. The determination is supplemented on an individual basis by a common law agreement covering remuneration.

Performance pay

Non-Senior Executive Service Australian Public Service employees move through their salary range subject to fully effective or better performance. Employees at the top of the range receive a one per cent lump sum bonus or a minimum payment of \$725, whichever is the greater. This bonus is considered a form of performance pay.

Senior Executive Service employees may have their salary increased based on the outcome of their annual performance appraisal. A Senior Executive Service employee may also be paid a bonus at the discretion of the Secretary as a reward for exceptional performance.

Performance-based pay is not a feature of any existing Australian Defence Force remuneration framework. Career development opportunities, including promotion, are the key means of recognition of performance.

Table 6.25: Australian Public Service employee performance bonus payments, 2021–22

Classification	Number of employees	Aggregated amount	Average amount
Trainee	43	\$31,175	\$725
APS Level 1	32	\$19,724	\$616
APS Level 2	294	\$205,680	\$700
APS Level 3	825	\$569,480	\$690
APS Level 4	873	\$636,566	\$729
APS Level 5	1,653	\$1,390,719	\$841
APS Level 6	2,847	\$2,670,997	\$938
Executive Level 1	2,330	\$2,662,528	\$1,143
Executive Level 2	984	\$1,779,604	\$1,809
Total	9,881	\$9,966,473	\$1,009

Notes:

Performance cycle is 1 September to 31 August. There were no performance payments made to Senior Executive Services employees. Averages for the Australian Public Service 1 to Australian Public Service 4 classifications reflect amounts below the minimum bonus payment. This occurs for part-time employees and employees within one per cent of the top of the salary range who receive both performance progression and a partial lump sum payment.

Health and wellbeing of Defence personnel and veterans

Defence continues to deliver services to support the health and wellbeing of Australian Defence Force personnel and veterans. These services are planned and delivered as a collaborative effort between Joint Health Command, Defence People Group, Navy, Army, Air Force, and the Department of Veterans' Affairs.

Contribution to the COVID-19 response

Defence has continued its support of the COVID-19 pandemic response. This support has included pre- and post-deployment screening of members force assigned to Operation AGED CARE ASSIST and targeted vaccine delivery to forces identified for short-notice operations. In addition, Joint Health Command medical personnel were deployed on Operation AGED CARE ASSIST to facilities throughout Australia.

The adapted mental health screen processes developed in 2020–21 to support deployed personnel during the early phases of the COVID-19 response were also conducted throughout 2021–22, including for both Operation AGED CARE ASSIST and Operation FLOOD ASSIST 22–1.

Joint Health Command continued its COVID-19 vaccination program, with 58,723 Australian Defence Force members (98 per cent) having completed their course of two vaccinations and 45,387 (75 per cent) having received a booster as at 30 June 2022. Joint Health Command also continued to facilitate access to the Australian Immunisation Register to enable recording of COVID-19 vaccinations across all garrison health facilities, and the bulk upload of vaccinations to the Australian Immunisation Register.

Australian Defence Force Health Select Committee

Established in October 2021, the Australian Defence Force Health Select Committee provides a collaborative forum that focuses specifically on health matters, including mental health, and sets the direction for the Defence health system to align with capability requirements of the Australian Defence Force. The Australian Defence Force Health Select Committee is also responsible for providing direction on implementation and monitoring achievement of the *ADF Health Strategy*.

Operational and strategic mental health

Defence Mental Health and Wellbeing Strategy (2018–2023). Defence continues to work towards the six key objectives of the *Defence Mental Health and Wellbeing Strategy (2018–2023)*: leadership and shared responsibility; a thriving culture and healthy workplace; responding to the risks of military service; person-driven care and responsibility; building the evidence; and continually improving. Activities under the *Defence Mental Health and Wellbeing Strategy (2018–2023)* are being achieved through mental health action plans, with progress reported through the Defence People Committee.

Continuous Improvement Framework Project. The project aims to evaluate the *Defence Mental Health and Wellbeing Strategy (2018–2023)* and key mental health programs and activities delivered by Defence. Two interim evaluation reports which have examined the readiness of programs for monitoring and evaluation were completed. The Continuous Improvement Framework Project has also identified that while Defence has made strong advances in mental health reform, there are opportunities to improve evaluation literacy and data management. The final evaluation reports for the Continuous Improvement Framework will be completed by the end of 2023.

Resilience initiatives. The Australian Defence Force resilience program BattleSMART has continued to evolve. BattleSMART was first introduced in 2009 and is routinely provided during initial enlistment training (recruits and officers) and as part of pre-deployment preparation. In January 2022, Joint Health Command completed a trial of a revised BattleSMART package at initial training establishments across the three Services. An evaluation of the trial is being finalised. Outcomes will inform the progression of the resilience framework and a stepped approach to implementing resilience training across the Australian Defence Force career continuum.

In response to events surrounding the Australian Defence Force's withdrawal from Afghanistan, a range of resilience resources were developed to support commanders in managing the mental health and wellbeing of their personnel. This included a commander's guide, which provided details on resources and support options available, as well as quick reference guides for Defence members. This material has been expanded to provide an enterprise-level resource on mental health that can be used for any situation.

Mental health research

Project RESTORE. Project RESTORE is a clinical trial for a post-traumatic stress disorder treatment called prolonged exposure therapy and a collaboration between Defence, the Department of Veterans' Affairs, Open Arms, and Phoenix Australia. Findings are positive and an implementation plan and business plan are in development to enable the provision of massed prolonged exposure therapy (daily sessions for two weeks) to Australian Defence Force members diagnosed with post-traumatic stress disorder.

Work health and safety

Throughout the year Defence continued to deliver on the *Defence Work Health and Safety Strategy 2017–2022*. The strategy, broken into four strategic focus areas, set the direction for Defence to achieve its safety vision. The focus areas – health and safety conscious people; healthy and safe workplaces; health and safety across the Capability Life Cycle; and safety assurance and continuous improvement – are being delivered through 55 implementation plan activities. As the timeframe of the strategy nears completion, 39 activities have been completed and 16 activities remain ongoing and on track for delivery.

Importantly the work to create the next Defence Work Health and Safety Strategy has commenced. The next iteration of the strategy will incorporate learnings from the current strategy and consider ongoing work and evidence-based research into safety within Defence.

Wellbeing

The *Defence Mental Health and Wellbeing Strategy 2018–2023* is a joint Australian Defence Force and Australian Public Service strategy that focuses on supporting a coordinated approach to mental health and wellbeing within Defence. In addition to the support provided to Australian Defence Force members through the joint health system, a number of initiatives are accessible to enable Defence to target prevention and early intervention, decrease stigma, build skills and knowledge, and facilitate access to support when needed.

These include:

- **ADF Suicide Prevention Program.** In November 2021, Defence commenced a three-year project to implement the SafeSide suicide prevention framework. The project tailors SafeSide's evidence-based workforce training, practices, governance, and resources to the Australian Defence Force context. In addition, Defence is embedding the voices of Defence personnel with lived experience of mental health concerns or suicidal behaviour into suicide prevention and command/leadership programs and activities through its Lived Experience Framework. Lived experience perspectives were also embedded into Defence's 2022 updated mandatory suicide awareness training.
- **ADF Centre for Mental Health.** The ADF Centre for Mental Health delivered 470 educational and awareness activities to Defence members and health staff despite COVID-19 limitations. The ADF Centre for Mental Health developed two new workshops: a foundational mental health, wellbeing, and self-care workshop for the general Defence population; and a workshop for staff working in high risk environments and exposed to sensitive information, such as personnel seconded to specific task forces. The ADF Centre for Mental Health also developed 19 health promotion campaigns to improve health literacy and raise awareness of proactive measures to improve health outcomes.
- **Defence Employee Assistance Program.** A confidential professional counselling service available to Australian Public Service personnel, Australian Signals Directorate personnel, Australian Defence Force reservists, Australian Defence Force cadets, officers and instructors of Australian Defence Force cadets, and their immediate families. Support can be for matters of a personal or work-related nature. Sessions are available face to face, virtually, or via telephone. The program provides short-term preventive and proactive interventions to address issues that may adversely affect performance and wellbeing, with referral pathways available for more intensive support as required. Support services are tailored to meeting individual needs, including those relating to disability and carers, First Nations people, domestic and family violence, elder care, LGBTI people, spiritual and pastoral care, and young people and students.
- **Defence NewAccess Stress and Anxiety Coaching program.** This program provides coaching support to both Australian Public Service and Australian Defence Force personnel experiencing low levels of anxiety and depression. NewAccess supports individuals to learn new strategies to manage stress, with referral pathways available for more intensive support as required.
- **Career Assist, Conflict Assist, Nutrition and Lifestyle Assist, Family Assist, Money Assist, Legal Assist and Manager Assist.** The Manager Assist program provides Australian Public Service and Australian Defence Force managers with support and advice. This includes navigating unexpected organisational restructures and unprecedented operational flexibility, and becoming an 'accidental counsellor' for staff experiencing a whole range of difficulties.
- **Online wellbeing webinars.** The webinars focus on practical tips for taking care of oneself, including the use of emotional regulation and coping strategies
- **Mental Health Speakers Series presentations.** These presentations take place a few times a year to raise awareness and to reduce stigma by inviting those with lived experience of mental ill health to share their perspective on vulnerability and strategies that have helped, instilling a sense of hope for the future.

These initiatives have helped Defence to provide targeted and agile mental health support. In particular, they have contributed to providing support to personnel involved in or affected by the Afghanistan Inquiry, Defence's response to COVID-19, and the 2022 Royal Commission into Defence and Veteran Suicide.

Due diligence

Defence is committed to making its workplaces as safe as possible through the practice of effective due diligence.

As part of its due diligence obligations, Defence continues to maintain a strong and collaborative relationship with Comcare. Defence co-chairs a biannual Defence–Comcare liaison forum, invites Comcare representation on senior work health and safety committees and identifies other opportunities to share information and learnings.

Defence maintains specialist systems and processes to report and analyse safety incidents across the enterprise. Consistent monthly Work Health and Safety reporting to the senior leadership group and across the enterprise supports strong Work Health and Safety decision-making at all levels of the organisation.

A key aspect of WHS due diligence is ensuring that our WHS officers are aware of their responsibilities under the *Work Health and Safety Act 2011*. Formal briefings are provided to Work Health and Safety officers within three months of commencement in their role. All Australian Defence Force and Australian Public Service staff are required to complete annual Work Health and Safety training. Completion rates for mandatory training were highest among permanent Australian Defence Force (91 per cent) and Australian Public Service (88 per cent) personnel, followed by the reservist workforce (60 per cent).

Deaths of Australian Defence Force personnel

34 Australian Defence Force members died in the 2021–22 reporting period as a result of illness/disease, training accidents, misadventure, confirmed suicide, and possible suicide¹. 27 members were rendering full-time service, and seven were rendering part-time service, at the time of their death. 33 of the deceased members were male, with one female fatality occurring.

Table 6.26: Deaths of full-time service personnel¹, 2021–22

Cause of death	No. of deaths	Service			Gender	
		Navy	Army	Air Force	Male	Female
Yet to be determined (possible suicide) ²	14	2	10	2	14	–
Illness/disease ³	9	1	2	6	8	1
Training accident ⁴	2	–	2	–	2	–
Misadventure ⁵	2	–	1	1	2	–
Total	27	3	15	9	26	1

Notes:

1. Service categories 6 and 7.
2. Possible suicide, however awaiting Coroner's reports.
3. Deaths from a long-term illness, or medical issues that were previously unknown.
4. Deaths that occurred in the course of Australian Defence Force training activities.
5. Deaths resulting from accidents that occurred whilst off-duty.

1. The 18 fatalities reported in Chapter 3 – Performance Criteria 17 (page 58) are subject to ongoing investigation by the Inspector General Australian Defence Force, Comcare and relevant state and territory police and coroners, and at this stage the workplace nexus for these incidents is unclear. The Inspector-General of the Australian Defence Force received notification of 36 deaths during the 2021–22 reporting period, however, not all of these deaths occurred during the reporting period. Defence records indicate that 34 Australian Defence Force personnel (of varying Service Categories) died during the 2021–22 reporting period as a result of illness/disease, training accidents, misadventure, confirmed suicide and possible suicide.

Table 6.27: Deaths of part-time service personnel^{1,2}, 2021–22

Cause of death	No. of deaths	Service			Gender	
		Nsvy	Army	Air Force	Male	Female
Yet to be determined (possible suicide)	2	–	1	1	2	–
Suicide ³	1	–	1	–	1	–
Illness/disease	4	–	3	1	4	–
Total	7	–	5	2	7	–

Notes:

- 1. Service categories 2, 3 and 5.
- 2. Please note this data is incomplete.
- 3. Confirmed by a state or territory Coroner.

Prosecution under the *Work Health and Safety Act 2011*

On 1 September 2021 the Commonwealth of Australia (through its responsible agency the Department of Defence) was fined \$1 million by the Northern Territory Court in relation to a fatality at Mount Bunday, Northern Territory on 10 May 2017.

Following the incident, Defence instigated substantial changes to its safety framework, policy, and practices to better manage risks. Defence also has a program of audits and assurance which feeds into ongoing improvements in ensuring the safety of our people.



An Australian Army Military Police working dog conducts exposure training on the flight deck of HMAS *Adelaide* during Exercise Sea Explorer 2022. CREDIT: Corporal Cameron Pegg

Work health and safety incidents in Defence

The number of Work Health and Safety incidents increased in 2021–22, though the number of people involved in notifiable incidents reduced, as shown in Table 6.28.

Table 6.28: Number of work health and safety incidents and number of people involved, 2019–20 to 2021–22

	2019–20		2020–21		2021–22	
	Number of incidents ²	Number of people involved in an incident ³	Number of incidents ²	Number of people involved in an incident ³	Number of incidents ²	Number of people involved in an incident ³
Fatality ¹	9	9	11	11	17	18
Serious injury or illness ¹	129	133	164	167	157	161
Dangerous incident ¹	260	444	236	428	268	361
Subtotal (notifiable incidents)	398	586	411	606	442	540
Minor injury	8,134	8,355	8,077	8,222	7,276	7,398
Near miss	1,933	3,032	2,223	3,732	2,084	3,427
Exposure	991	5,316	800	3,743	773	3,435
Subtotal (reportable incidents)	11,058	16,703	11,100	15,697	10,133	14,260
Total	11,456	17,289	11,511	16,303	10,575	14,800

Notes:

Incidents are reported from the date of occurrence. Figures in Table 6.26 can vary from previous Defence Annual Reports, as incidents can be reported well after the occurrence date and severity statuses can be updated. The figures in the 2021–22 columns reflect the financial year up to 30 June 2022; however, the data is as at 4 July 2022 to ensure recent updates have been captured. The Australian Signals Directorate became a separate statutory body on 1 July 2018; therefore its data is excluded from this table.

1. Fatalities, serious injuries or illnesses, and dangerous incidents are notifiable to Comcare but incidents of these severities that occur while on a Defence declared operation are not notifiable to Comcare and have not been included.
2. The 'Number of incidents' columns show the number of incidents occurring in that financial year. A single incident can include multiple individuals.
3. The 'Number of people involved in an incident' columns show the number of people involved in the incident. One incident may result in multiple injuries or none.

Of the 442 incidents notifiable to Comcare in 2021–22, Comcare undertook monitoring and compliance activity in relation to 177. Three of these incidents were subject to non-disturbance notices. Non-disturbance notices are reissued weekly for as long as they remain in place, which resulted in 59 notices being issued in 2021–22, as shown in Table 6.29.

Table 6.29: Number of Comcare work health and safety notices, 2019–20 to 2021–22

Type of notice	2019–20	2020–21	2021–22
Improvement notice ¹	–	1	–
Prohibition notice ²	–	1	–
Non-disturbance notice ³	2	2	59

Notes:

1. Improvement notices are based on incidents and occurrences that contravene work health and safety legislation.
2. Prohibition notices are issued to remove an immediate threat to the health and safety of workers.
3. Non-disturbance notices are issued for a specific period of time to remove a threat to the health or safety of personnel.



Former Chief of Navy Vice Admiral Michael Noonan AO RAN and British High Commissioner Vicki Treadell CMG MVO with crew members of a United Kingdom Royal Navy nuclear-powered submarine, at HMAS *Stirling* in Western Australia. CREDIT: Leading Seaman Imagery Specialist Richard Cordell

Returning Australian Public Service employees to work

Safely returning Defence Australian Public Service employees to work is important for the health and wellbeing of staff, and enables Defence to focus on its Mission. Defence works closely with Australian Public Service employees, their supervisors and other key stakeholders to deliver person-centred support for Defence Australian Public Service employees who are experiencing health conditions to enable their safe maintenance at or return to work.

In 2021–22, 182 cases were referred to a rehabilitation case manager, a minor increase from 2020–21. These were a combination of compensable and non-compensable cases.

Of the 104 accepted (compensable) Defence claims in 2021–22, the three most common mechanisms of injury were body stressing (24); falls, trips and slips (18); and mental stress (33).

Psychological claims contributed to 46.38 per cent of Defence costs for 2021–22, followed by disease (27.68 per cent) and injury (25.94 per cent). Defence's average cost of claims in 2021–22 was \$20,649, compared with the Commonwealth average of \$26,827.

Timely rehabilitation plays a crucial role in the reduction of Defence's workers' compensation premium. Defence's average term of incapacity across all injury types was 17.4 weeks, compared with the Commonwealth average of 20.4 weeks.

Defence reduced its 2022–23 indicative workers' compensation premium by 2 per cent from 2021–22. This reduction was achieved despite the overall premium pool being collected by Comcare increasing by 7 per cent in the same period. The Defence 2022–23 indicative premium rate of 0.74 per cent remains below the Comcare scheme rate of 0.83 per cent.

A key contributor to Defence's premium performance is our average return to work rate of 82 per cent, compared with the Commonwealth rate of 74.7 per cent, which is driven by our early support and care for our injured and ill employees and their managers and supervisors.

Complaint handling and resolution

Defence personnel have the right to make complaints if they are aggrieved by matters relating to their employment. Australian Defence Force members (permanent and Reserve) may apply for redress of grievance under the Defence Regulation 2016. Australian Public Service employees may seek a review of actions under the *Public Service Act 1999*.

Complaints

Defence policies and frameworks encourage individuals to raise complaints, knowing incidents will be addressed; and to seek support services, ensuring they feel safe to do so. Complaints can cover a range of topics and may relate to matters such as unacceptable behaviour, security, privacy, fraud, work health and safety, and compliance.

All Defence personnel complete four mandatory annual training packages which highlight responsibilities, processes, and reporting avenues related to workplace behaviour, security awareness, work health and safety, and fraud and integrity awareness.

When incidents do occur, Defence has robust systems and processes in place to resolve matters and to hold personnel to account for poor behaviour. The Complaints and Alternative Resolutions Manual is the key policy and resource document for all Defence people, with guidance and processes for complainants, respondents, and managers to follow to ensure a consistent and considered approach to complaint management.

Resolution

The Defence Alternative Dispute Resolution Program is an enduring program which has long established a supportive, safe, and informal environment for dispute resolution to assist in the delivery of Defence capability. Effective, professional, and respectful workplace relationships are critical in the delivery of capability. Where these relationships break down, alternative dispute resolution is available to assist in addressing workplace conflict and restoring workplace relationships at the earliest opportunity and at the lowest appropriate level.

Alternative dispute resolution services are provided across Australia and internationally to all Defence personnel, regardless of Australian Defence Force rank, employee classification, or contractor status. The services are delivered by dispute resolution managers and a panel of experienced, accredited, and highly skilled dispute resolution practitioners.

In 2021–22, the Alternative Dispute Resolution Program delivered 979 interventions including mediation, facilitated conversations, group facilitations, and conflict coaching. Workshops were also conducted to establish workplace expectations, increase communications, and provide a solid grounding in the complaint management processes. Early intervention strategies are key to empowering Defence personnel to resolve issues earlier and work towards positive resolution outcomes.

A diverse network of workplace behaviour advisers encompassing both Australian Defence Force members and Defence Australian Public Service employees is available across all Defence bases, establishments, and units. Workplace behaviour advisers provide impartial policy advice to support early resolution of disputes and the effective management of complaints.



Submarine HMAS *Rankin* sails on the surface in the waters north of Darwin during AUSINDEX 21. CREDIT: Petty Officer Yuri Ramsey

Australian Public Service review of actions

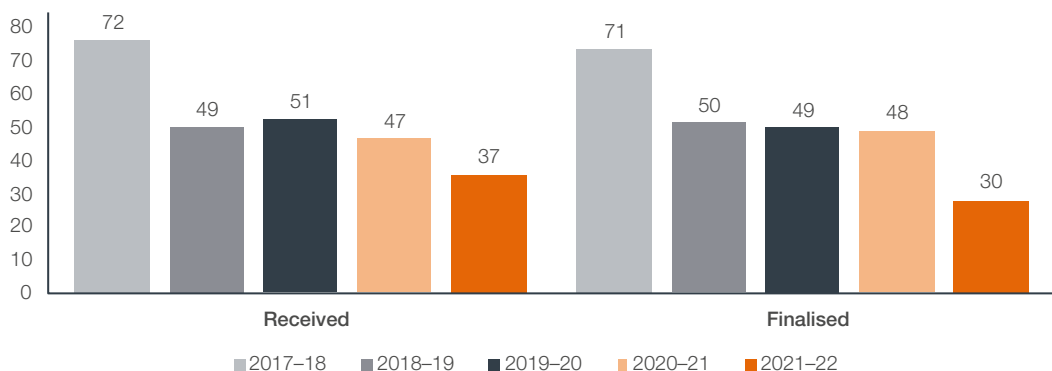
Non-Senior Executive Service Australian Public Service employees who have a complaint about an action or a decision relating to their employment can seek to have the matter considered for review as part of the Australian Public Service review of action process under section 33 of the *Public Service Act 1999*.

In 2021–22, Defence received 37 applications for review of actions, a reduction of 10 from 2020–21. Three applicants then sought secondary review from the Merit Protection Commissioner. In these reviews, two decisions were confirmed and the remaining decision was that further review was not justified.

The following subjects featured in the applications for review in 2021–22:

- management of unacceptable behaviour complaints by line management;
- leave and salary entitlements; and
- performance, feedback, and development scheme decisions.

Figure 6.1: Number of applications for review received and finalised during 2017–18 to 2021–22



Unacceptable behaviour

The Defence Values and Behaviours are the tenets by which all personnel are expected to conduct themselves. When Defence personnel display behaviour that is not of the standard expected of them, action is taken. Importantly the vast majority of our personnel are a credit to Defence and the nation.

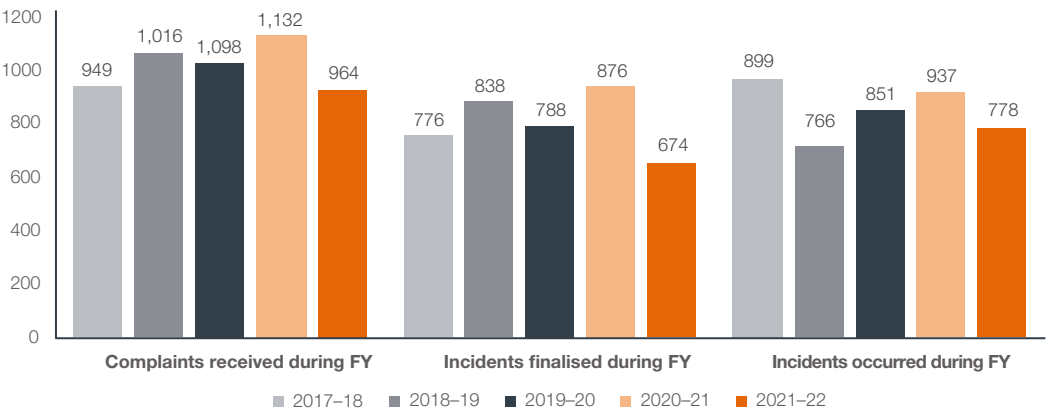
In 2021–22 Defence:

- continued the ongoing review of the Complaints and Alternative Resolutions Manual by focusing on developing a user-friendly, interactive resource for complaint management across Defence. This included a complete rewrite of Chapter 9, ‘Responding to Sexual Misconduct’, to align with recommendations made by Commonwealth Ombudsman;
- strengthened commander, manager, and supervisor capability in the management of unacceptable behaviour incidents through the delivery of training workshops delivered by qualified dispute resolution practitioners; and
- developed a procedural fairness learning and development pilot program to include in the Senior Leadership Training program: Capstone. This program will reinforce the importance of procedural fairness in decision-making, particularly in relation to complaint handling across the Senior Leadership Group.

Defence is committed to creating a safe environment where individuals feel supported to report unacceptable behaviour, knowing that incidents will be addressed and support services provided in a timely and effective manner.

Personnel continue to respond to encouragement to report incidents of unacceptable behaviour, with a total of 964 complaints reported during 2021–22, a reduction of 14.8 per cent compared with 2020–21. Of these, 778 complaints related to incidents that occurred during the financial year, with the remaining 186 relating to incidents occurring in previous financial years.

Figure 6.2: Unacceptable behaviour complaints reported as received, finalised and having occurred, FY 2017–18 to 2021–22



Sexual misconduct response

There is no place for sexual misconduct in Defence. All allegations are taken very seriously. Incidents of sexual misconduct do not align with the Defence Values.

Over 2021–22, Defence continued to improve its handling of sexual misconduct issues. Defence has established systems, training, and processes to educate our people and seek to prevent sexual misconduct. Defence maintains a victim-centric, trauma-informed approach to support individuals to report sexual misconduct and continually reviews its policies and processes to minimise the risk of incidents.

Any Australian Defence Force member who experiences sexual misconduct is strongly encouraged and supported to report the incident. Victims who wish to report an incident have a range of options, including direct engagement with state or territory police, or the Australian Federal Police, independent of Defence. Victims can also choose to report to Defence through the military police or their own chain of command. Defence has a variety of 24/7 confidential support services available to impacted individuals such as the Sexual Misconduct Prevention and Response Office.

Reported sexual assault in the Australian Defence Force

Australian state and territory police use the Australian and New Zealand Standard Offence Classification definitions from the Australian Bureau of Statistics. In 2018, Defence adopted Australian and New Zealand Standard Offence Classification for statistical reporting on sexual assaults in Defence to ensure consistency across government agencies.

Defence's reports between 2013–14 and 2017–18 used the definitions in the Model Criminal Code, which classifies non-penetrative sexual offences as indecent acts. Reports from 2017–18 onwards use the broader Australian and New Zealand Standard Offence Classification definition of sexual assault, which includes penetrative and non-penetrative sexual offences.

Table 6.30: Reported Defence sexual assault incidents per year, 2013–14 to 2021–22

Model Criminal Code				Australian and New Zealand Standard Offence Classification				
2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22
96	98	84	87	170	166	160	187	148

Note:

Figures from 2013–14 to 2016–17 cannot be directly compared with figures from 2017–18 onward, due to the use of different reporting frameworks for sexual offences.

The 148 sexual assaults reported to the Joint Military Police Unit for 2021–22 comprises:

- 88 aggravated sexual assaults (penetrative acts committed without consent, threat of penetrative acts committed with aggravating circumstances, or instances where consent is proscribed); and
- 60 non-aggravated sexual assaults (for example, touching of a sexual nature without consent where penetration does not occur).

The 148 aggravated and non-aggravated sexual assault complaints can be categorised as follows (noting that some complaints are in multiple categories):

- 60 cases were reported allegations where the Australian Defence Force member did not wish to make a statement of complaint or did not want the matter investigated by Joint Military Police Unit or state/territory police;
- 11 cases where the complaint was withdrawn (eight cases with civilian police and three cases with military police) and 15 cases where there was a determination of insufficient evidence to proceed (11 cases with civilian police and four cases with military police);
- six cases where there was no Australian Defence Force jurisdiction as either the alleged offender could not be identified or was a civilian, a former Australian Defence Force member, a cadet, or a member of another military force; or the victim indicated they wanted the civil police to investigate and did not want Defence to be provided any details;
- 52 cases that remain ongoing, with civil police responsible for 27 cases, military police responsible for 10 cases, and the Office of the Director of Military Prosecutions responsible for 15 cases;
- two cases that proceeded to trial (one through civilian police and one through military police), with one guilty outcome (military trial) and one not guilty outcome (civilian trial); and
- one case that resulted in administrative action at unit level and one case that ceased as the alleged offender was deceased.

Approximately 48 per cent of allegations of sexual assault made to Joint Military Police Unit were made by members who did not wish to make a statement of complaint, did not want the matter investigated by Joint Military Police Unit or state/territory police, or withdrew their complaint. Respecting the wishes of the victim is consistent with policing principles of maintaining a victim-centric approach but may inhibit Defence's ability to substantiate or conclude matters. The sexual assault figures are drawn from a live policing database and reflect Joint Military Police Unit's understanding of matters as at 6 July 2022. As initial reports are investigated and/or finalised, these figures may change.

Sexual misconduct prevention and response

Sexual Misconduct Prevention and Response Office provides confidential support services to Defence personnel directly affected by sexual misconduct, assistance with incident management and response to promote personnel wellbeing, debriefing services for personnel exposed to difficult material at work, and sexual misconduct educational programs and resources. The Sexual Misconduct Prevention and Response Office has provided services to the Defence community since 2013.

The Sexual Misconduct Prevention and Response Office team works to foster safe workplaces that uphold Defence Values by directly assisting personnel, through policy development and initiatives, and by developing and delivering educational packages. The following key milestones were achieved in 2021–22:

- The Sexual Misconduct Prevention and Response Office conducted a review of the relevant education products and, with extensive stakeholder engagement, designed a holistic sexual misconduct education framework. Enhancing and modernising Defence's established sexual misconduct education across the enterprise in a deliberate and systematic way, the new Defence Sexual Misconduct Education Continuum seeks to promote lifelong learning and is designed to meet learner needs at appropriate times across a career. From 2023, all Defence personnel will be required to complete targeted sexual misconduct education modules each year for five years. The modules will outline which unacceptable behaviours constitute sexual misconduct, cover the nuanced definition of consent, inform how technology can be used in sexual misconduct, emphasise pathways for disclosing or reporting sexual misconduct, and teach trauma-informed peer response to a disclosure.
- Defence's central sexual misconduct policy was reviewed with Defence-wide engagement. The current policy is more contemporary, includes guidance on nuanced consent changes in Australia and technology-facilitated abuse, and provides clearer links to other Defence policy.
- To assist with navigating and applying Defence's sexual misconduct policy, all of Defence's sexual misconduct processes, policies, and services were modelled in business process mapping software. The new interactive model aims to make accessing and understanding all of the components of Defence's framework for managing the risk of sexual misconduct as easy as possible, including for directly impacted people, alleged perpetrators and witnesses, and those managing incidents.
- The Sexual Misconduct Prevention and Response Office team provided assistance and shared experience with other government agencies, and with industry, on applying a person-centric and trauma-informed approach to sexual misconduct policies, procedures, and education products.

Defence encourages reporting of sexual misconduct incidents. Personnel impacted by sexual misconduct in Defence are able to report incidents to Defence or civilian police at any time, but this is not a requirement prior to accessing help. People are encouraged to seek assistance at any time. This can be without making a report, after reporting but before potentially choosing not to pursue an investigation, or throughout policing and legal proceedings. Defence also recognises that external support services may be suitable depending on individual circumstances.

The Sexual Misconduct Prevention and Response Office is a supporting, not a reporting, organisation. Sexual Misconduct Prevention and Response Office social workers and psychologists encourage clients to report incidents, but their focus is to provide individuals with assistance in system navigation and service coordination, resources and referrals, and education. The Sexual Misconduct Prevention and Response Office's Client Response Team (1800 SeMPRO) work to assist wellbeing, build resilience, and facilitate developing self-management strategies and skills. The volume of clients seeking support from the Sexual Misconduct Prevention and Response Office after being directly impacted by sexual misconduct (sexual offences, sexual harassment, sex-based discrimination, or adjacent incidents such as stalking and intimate image abuse) increased from 158 in 2020–21 to 213 in 2021–22.

1800 SeMPRO is a dedicated 24/7 response service for people impacted by sexual misconduct in Defence. The overall demand for all Sexual Misconduct Prevention and Response Office client services, including support to directly impacted people, was similar between 2020–21 and 2021–22. A total of 445 clients sought help in 2020–21, and 440 in 2021–22. 1800 SeMPRO is one of multiple avenues available in Defence providing health and support services for personnel impacted by sexual misconduct. Access to these services is confidential and is not shared with command teams without the client's consent.

1800 SEMPRO also provides a separate advice service to assist commanders, managers, colleagues, family members, and friends to improve responses to disclosures and reports, and support optimal management of incidents. Clients of this service are people seeking help to ensure that a person directly impacted by sexual misconduct receives the best response possible. Commanders, managers, and supervisors receive Sexual Misconduct Prevention and Response Office guidance on applying Defence's policy requirements while focusing on the wellbeing of those involved. Colleagues, family members, and friends receive Sexual Misconduct Prevention and Response Office advice on how to assist a person who has disclosed being subjected to sexual misconduct. Personalised advice provided by the Client Response Team complements Sexual Misconduct Prevention and Response Office's interactive workshops on sexual misconduct incident management and wellbeing delivered across Defence. The uptake of one-on-one assistance with sexual misconduct incident management and disclosures decreased from 275 in 2020–21 to 216 in 2021–22 (see Table 6.29), while participation in workshops increased from 469 in 2020–21 to 907 in 2021–22.

Table 6.31: Sexual Misconduct Prevention and Response Office new advice clients, 2014–15 to 2021–22

Financial year	Number of SeMPRO advice
2014–15	147
2015–16	131
2016–17	223
2017–18	253
2018–19	266
2019–20	235
2020–21	275
2021–22	216
Total	1,746

Note:

The data discussed in this table and above is client data collected during service provision and can change as clients reveal additional information or when multiple contacts with the service are subsequently reconciled.

In 2021–22, the Sexual Misconduct Prevention and Response Office provided confidential debriefing to 11 clients. Debriefing services are designed to prevent psychological injuries arising from workplace exposure to trauma.

The Sexual Misconduct Prevention and Response Office aims to give all personnel a clear understanding of Defence's behaviour expectations, seeks to reduce the impact of sexual misconduct both directly and by training others to respond well to reports and disclosures, and enhances the ability of commanders and managers to speak about sexual misconduct prevention and response in a trauma-informed way.

Support services

Defence provides a range of support services and measures of practical assistance for Australian Defence Force members, their families, and Defence Australian Public Service employees. This includes support during crises including bereavement, serious illness or injury, assistance to families managing the opportunities and challenges associated with military life, support for members and their families when the member transitions from military to civilian life, and a number of health and wellbeing initiatives. These support services are discussed further in this section.

Defence continues to work closely with the Department of Veterans' Affairs to deliver the best possible health and wellbeing outcomes for current and former members of the Australian Defence Force and their families. These outcomes have been delivered through the Transition Transformation Program.

Australian Defence Force members and their families

Defence provides a broad range of programs and services to assist Defence families to make the most of the challenges and opportunities provided by the military way of life. This includes information and advice, brief intervention and counselling, referrals to specialised community services, and assistance and support in crisis situations. Specific support available to families includes:

- support in adjusting to illness and injury;
- 24/7 counselling and support for personal or family issues;
- information about and referral to community services – for example, parenting support, family counselling services, and relationship counselling;
- information on benefits, entitlements and practical assistance – for example, Centrelink payments, disabled parking permits, transport services for injured or ill individuals, and financial counselling services;
- absence from home support for Australian Defence Force members and their families, including pre- and post-deployment briefs, absence from home support calls to family members, a range of online resources including the absence from home support booklet, as well as webinars and resilience programs;
- advice to command about how to respond to and support family situations including family assessments and reports, and 24/7 telephone advice;
- counselling and practical assistance in emergency or crisis situations – for example, in situations where there are concerns about an individual's welfare and/or family safety; and
- coaching, practical guidance, and support to assist when planning to leave Defence to move back into civilian life.

Partner Employment Assistance Program

The Partner Employment Assistance Program provides funding towards employment-related initiatives aimed at contributing to Australian Defence Force partners' employability in their new posting. These initiatives include professional employment services and mandatory fees for professional re-registration required under legislation. Professional employment services can include résumé development, interview coaching, assistance with identifying transferrable skills, employment options or job placement advice, development of an online employment profile, selection criteria coaching, and interview preparation and presentation.

Since opening up the eligibility for support to be accessible any time during a posting in 2021–22, Defence has seen an increase in applications, from 460 applications approved in 2020–21 to 489 in 2021–22. The expanded eligibility has meant that Australian Defence Force partners are able to participate in job search preparation workshops at any time to enhance their preparedness for employment, including seeking promotion.

Childcare, schools and communities

Defence also provides childcare support services through the Defence Childcare Program, comprising 16 long day care and three out-of-school-hours care centres and the Individual Case Management Service. Since its launch in 2017, the Individual Case Management Service has assisted over 914 Defence families in finding placements at local childcare centres, family day care and before and after school care.

The Defence School Mentor Program provides funding to minimise the impact of mobility on education and build schools' capability to support Defence students, particularly during transitions into and out of the school and during parental absences. In 2021–22, a total of 269 schools and approximately 14,000 Defence children have been provided with support under the program.

The Family Support Funding Program provides grants to community organisations to assist them to deliver support and services of value to Defence families and the community they live in. In 2021–22, 46 not-for-profit community organisations were approved for grant funds under the annual program.

The Community Support Coordinator Program funds Defence community groups to employ a coordinator to manage the delivery of services to Defence families. During 2021–22, 29 Defence community support coordinators were employed through the program.

Wellbeing and welfare assistance

Defence continues to respond to requests for support and assistance from Australian Defence Force members and their families. In addition, Defence provides proactive outreach to support Australian Defence Force families. Proactive outreach activities during the last financial year have included contact with Australian Defence Force families during times of deployment including Operation REGIONAL PRESENCE and Operation FIJI ASSIST. Welfare support calls have also been undertaken with members and families posted overseas during the pandemic and to the families of those involved in the Afghanistan evacuation.

Transition support

Transition services are offered to members who have a minimum of one day of military service, regardless of Service Category. Since 2017, Defence has used a coaching model to deliver support to transitioning Australian Defence Force members. Defence's transition coaches are integral to supporting Australian Defence Force members and their families, to plan and prepare for their transition to civilian life. Every transitioning member is assigned a transition coach to guide and mentor them through transition.

The role of the coach is to facilitate the member's transition by assisting them to develop the skills and capabilities they will need to establish themselves in the civilian community and achieve and maintain their chosen lifestyle. Our coaches draw on the broad range of transition programs, benefits and services that are available across Defence, state and territory governments, the Australian Government, ex-service organisations and the broader community to support transitioning members and their families.

The coach provides a single point of entry for the Defence Force Transition Program of support and services, and builds a personalised package of support based on the circumstances and post-transition goals of the member and their family. The coach remains with the member and their family for up to two years post-transition. This includes providing additional support through the transition programs or service referrals as their needs and circumstances change.

Defence's transition support includes:

- Australian Defence Force Member and Family Transition Seminars. Each seminar provides an awareness of the support that is available and an opportunity to speak with a transition coach to ensure that members are prepared to leave Defence. A virtual transition seminar is also available;
- career planning with a transition coach for every member. This includes the ability to access transition coaching and assistance at any point throughout their military career and for up to two years after leaving the Australian Defence Force. The Australian Defence Force member and their family work with their transition coach to determine the best package of support based on the circumstances, needs and post-transition goals of the member and their family;
- individualised transition plans. Every member leaves with access to full documentation such as medical and dental records, their service record and access to formal qualifications achieved during service;
- career transition coaching consisting of 10 modules across multiple vocational and meaningful engagement supports from which a bespoke package is built for each member's individual circumstances;
- career transition training consisting of financial contributions towards vocational and meaningful engagement goals;
- approved absence – a provision for up to 23 days of approved absence to undertake training or other transition-related activities;
- financial advice consisting of a financial contribution towards professional financial advice;
- a skills recognition program that translates the training and skills that members have obtained to civilian qualifications;
- résumé preparation and job search programs to assist in obtaining future employment;
- financial literacy education;

- the Personalised Career Employment Program, which provides up to three months of support, targeting early service leavers through accelerated job search and employment support;
- the Transition for Employment Program, which provides those with complex medical conditions tailored assistance to gain civilian employment or other meaningful engagement;
- the Australian Defence Force Member and Family Transition Guide, which provides comprehensive information on all aspects of transition; and
- a post-transition follow-up phone call from the member's transition coach approximately 30 days post-transition.

Defence circulates a post-transition survey to transitioned members which assists in evaluating the effectiveness of these programs, informs gaps and also provides a mechanism to connect with former members and offer support should their circumstances have changed. People are requested to participate in the survey every three months for up to two years after transition.

Australian Defence Force members ceasing permanent service are provided with support from both Defence and the Department of Veterans' Affairs before and after transition.

Through the COVID-19 pandemic, comprehensive support continued virtually via phone, video call and email to ensure the safety of staff and of Australian Defence Force members and their families. This included targeted contact with families who were impacted by the COVID-19 pandemic.

In addition, Defence adapted to virtual presentation of deployment briefs and delivered a series of psychosocial webinars to the Defence community. Webinar content included information about mental health and wellbeing, healthy relationships, and supporting children in isolation.

Defence provides a range of resources to assist members and families with active coping, and specific products for children. Programs were also delivered with the aim of enhancing family resilience during a member's absence from home, plus webinars to assist families during different stages in the deployment cycle.

Exercise Talisman Sabre 2021

United States Marines from 1st Battalion, 7th Marines, moves forward during an assault on Bowen Airport in Queensland, on Exercise Talisman Sabre 2021.
CREDIT: Leading Aircraftwoman Jacqueline Forrester



Talisman Sabre is an exercise rich in history and is the largest bilateral combined training activity between the Australian Defence Force and the United States Armed Forces.

It is a complex and dynamic exercise that aims to test our respective forces in planning and conducting Combined and Joint Task Force operations. It serves to improve the combat readiness and the interoperability between the Australian Defence Force and United States Armed Forces.

Exercise Talisman Sabre 2021 was the ninth iteration of the exercise, held from late June to mid-August 2021 and with the peak of exercise activities held in July 2021. Occurring every two years, Talisman Sabre reflects the closeness of Australia's alliance with the United States and the continued and growing strength of the military relationship. But Talisman Sabre goes beyond bilateral collaboration. Exercise Talisman Sabre 2021 saw forces from Canada, Japan, the Republic of Korea, New Zealand and the United Kingdom all take part, embedded in those of the Australian and United States forces. Military officers from France, Germany, India, and Indonesia observed the exercise.

Approximately 17,000 military personnel from seven different nations participated; including more than 8,000 from the Australian Defence Force. The vast

"It's really good to have the opportunity to train with so many external units and their assets, it's great to have them out here for realistic training scenarios; we integrate well together." Lieutenant Proudlock

majority of international forces undertook exclusively offshore activities – the pandemic affecting the scale of the exercise but not weakening the resolve to proceed. Warfighting scenarios and activities across multiple domains were put to the test over 18 days, to improve interoperability and combined force operations.

The exercise brought out the best in Army; infantry, engineers and cavalry supported by military police, were put through their paces clearing patrol bases as part of the fictional scenario. Clearing compounds housing both civilian and combatants. The ability for units to train alongside external forces and their assets brought great opportunities. Black Hornet drones for reconnaissance, cavalry tanks for security, as well as combat engineers with their explosive detection dogs and robots, provided soldiers the opportunity to test the limits of technology and capability and more importantly how we integrate together.

The exercise was not all Army focused. The crew of HMAS *Brisbane* conducted on board ship clearances as part of their training. Scenarios conducted helped prepare teams for conduct boarding operations in potential high risk environments and helped to safeguard the ship in domestic and foreign ports. The Royal Australian Navy also came together with Canada, Japan, and the Republic of Korea for a two day anti-submarine serial conducted off the coast of Queensland. The Navy's activities will help to strengthen relationships while developing important skills essential to defend Australia.

"The adrenaline is definitely pumping." Lieutenant Corporal Kinnaird

Command control of such a massive exercise is difficult. The Royal Australian Air Force's E-7A Wedgetail proved up to the challenge. The Wedgetail is equipped with advanced multi-role electronically scanned array radar, and ten state of the art mission consoles – allowing military leadership to act on and adjust to the evolving scenarios in near real time.

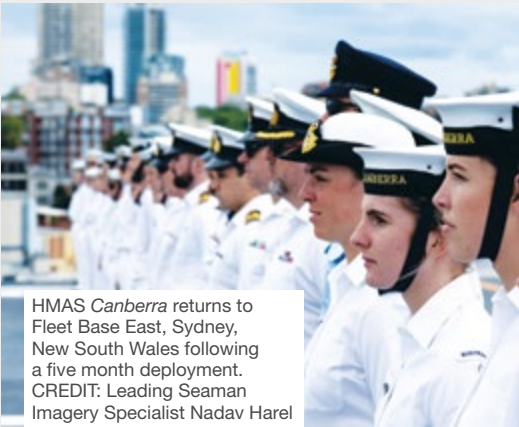
Talisman Sabre focuses on Combined and Joint Task Force operations. Working with allied partners from our immediate region and from across the globe strengthens Australia's international relationships and improves Australia's military effectiveness as part of an international force. Through military preparedness Australia bolsters its collective capabilities to deter, shape, and respond.



Royal Australian Air Force aircraft No.6 Squadron EA-18G Growler, a No.1 Squadron F/A-18F Super Hornet and from No.3 Squadron, a F-35A Lightning aircraft, fly alongside a United States Air Force B-52H Stratofortress aircraft. CREDIT: Sergeant Andrew Eddie

Australian Public Service and Industry Support to Talisman Sabre

Defence Australian Public Service and industry partners play a critical enabling role to provide a range of services in support of joint operations and exercises, in particular across Northern Australia. During Talisman Sabre, they provided a range of support services in the areas of base management, access control and protective services, hospitality and catering, fresh rations, cleaning, waste management, estate logistics; including transport, airfield services and airfield operations support, environmental services and other enabling activities. •



HMAS Canberra returns to Fleet Base East, Sydney, New South Wales following a five month deployment. CREDIT: Leading Seaman Imagery Specialist Nadav Harel



Personnel are transported from HMAS Canberra, prior to a beach assault on Forrest Beach, Queensland. CREDIT: Leading Aircraftwoman Jacqueline Forrester

EXERCISE ROGUE AMBUSH 21-1

E-7A Wedgetail aircraft before flight during Exercise Rogue Ambush 21-1, held at RAAF Base Darwin. Exercise Rogue Ambush 21-1 is the first iteration of the Rogue Ambush series and is the graduation exercise for the first Australian F-35A Lightning II operational conversion course. The exercise involves a wide range of tactical flying activities across Northern Territory, utilising the Tindal restricted airspace and Delamere Air Weapons Range. Operating out of RAAF Bases Darwin and Tindal, Exercise Rogue Ambush 21-1 aims to produce combat ready personnel ready for operations, including pilots for F-35A Lightning II and co-pilots and aircrew for E-7A Wedgetail aircraft who are ready to deliver air power for the joint force in peace and war. The exercise provides important force generation training for Air Force personnel, to build an intelligent and skilled workforce by providing a realistic warfighting training environment to ensure our people can defend Australia and its interests. CREDIT: Leading Aircraftman Adam Abela



A photograph of a Royal Australian Air Force A330-300 aircraft on a tarmac. The aircraft is white with a red stripe on the tail and the words "ROYAL AUSTRALIAN AIR FORCE" on the fuselage. The tail number "A30-006" is visible. The aircraft is parked on a light-colored surface, and its reflection is visible in a puddle in the foreground. The sky is a mix of orange, pink, and blue, suggesting a sunset or sunrise. An orange semi-transparent rectangle is overlaid on the right side of the image, containing the chapter title.

Chapter 7:

Asset management

Defence Single Information Environment

Defence is supported by one of the largest and most complex information and communications technology (ICT) undertakings in the nation, operated by the Chief Information Officer Group. As well as provisioning and supporting more than 100,000 Defence employees' corporate ICT requirements, Chief Information Officer Group delivers mission-critical systems, services, and strategic communications to enable the warfighting capabilities of the Australian Defence Force globally.

Chief Information Officer Group leads the integrated design, cost-effective delivery, and sustained operation of Defence's Single Information Environment. The Single Information Environment is Defence's ICT 'ecosystem'. It helps generate effects, whether on the desktop or in the battlefield. It encompasses the computing and communications infrastructure of Defence, along with the management systems, and people that deliver and sustain it. The Single Information Environment includes the data, infrastructure, and services required for essential Defence functions including command and control; communications; ICT; intelligence, surveillance and reconnaissance; cyberspace warfare; and logistics.

The Single Information Environment also includes the fixed, deployable, and mobile networks that underpin Australian Defence Force operations. Chief Information Officer Group also provides strategic (satellite, high and very low frequency) communications capabilities to support Australian Defence Force training and operations at sea, in the air, and on the land across the globe; and is responsible for maintaining interoperability with our allies and coalition partners and across government agencies.

Through the implementation of the *2022 Defence Information and Communications Technology Strategy*, Chief Information Officer Group is driving delivery of mission-capable ICT, so that Defence is ready to fight and win in the digital age. Defence will evolve the posture of the Single Information Environment to be more secure, resilient, survivable, and scalable – increasing access to information where and when it is needed, while reducing vulnerabilities to threats that can impact decision-making.

Chief Information Officer Group is dedicated to providing a dependable, secure and integrated ICT environment and is investing in delivering the future of Defence ICT. Investment in new and emerging technology will ensure we maintain our technological edge, with faster and more contemporary ICT systems. This will ensure that the right information is available to Defence decision-makers at the right time. Investment in Defence's ICT will guarantee the Australian Defence Force is able to respond quickly to emerging threats and enable Defence business processes to become more efficient and effective.

Through the *2016 Integrated Investment Program*, Defence will continue to increase its cyber defence capabilities to support governance and risk management, vulnerability management, detection and response, and threat intelligence. These capabilities protect not only the Single Information Environment but also fixed, deployed, and mobile networks that support Australian Defence Force operations. They include an uplift to training ranges and deployable capabilities that will better enable the Australian Defence Force to defend its mission systems and platforms.

Chief Information Officer Group is leading the enhancement of Defence's cyber security apparatus through a renewed *Defence Cyber Security Strategy* that will deliver mission-focused, threat-centric and contemporary Defence enterprise cyber security, enabled by best practice and strong partnerships. This will be underpinned by investment in people and technology to a level commensurate with the scale of Defence's terrain, the threats we face, and the significance of the risks. This will ensure our investment in Defence's cyber security capability is aligned to Defence priorities, supports Australian Defence Force operations, and ultimately supports our ability to fight in and through a congested and contested cyberspace.

An assured supply chain is critical to the security and sovereignty of the Single Information Environment, and Chief Information Officer Group continues operationalisation of the Defence Supply Chain Risk Management Framework, through integration into key procurement and assurance processes and practices.

Defence is also playing its part in supporting other government agencies in improving their security posture. Under *Australia's Cyber Security Strategy 2020 – Hardening Government IT*, Defence is one of four lead agencies acting as a pilot for the Cyber Hubs program. Defence, along with the Department of Home Affairs, the Australian Taxation Office, and Services Australia, will provide cyber security services to smaller agencies to improve their security posture and ensure they are also protected from the pervasive cyber threat.

Purchasing

Defence undertakes its procurement in accordance with the Commonwealth Procurement Rules. The rules are supported through Defence-specific procurement policies, including the Defence Procurement Manual, guidance, fact sheets, tools, and templates. The Defence Annual Procurement Plan, which provides notice to industry of significant procurements, is published on AusTender website at www.tenders.gov.au in accordance with the Commonwealth Procurement Rules.

Procurement initiatives to support small business

Defence actively promotes and supports small business participation in Australian Government procurement. Participation statistics for small and medium enterprises are available on the Department of Finance website at www.finance.gov.au. Defence measures to support small and medium enterprises, include:

- complying with the Commonwealth Procurement Framework. This includes the application of Appendix A Exemption 17 of the Commonwealth Procurement Rules to directly engage small and medium enterprises for procurements valued up to \$200,000, provided value for money can be demonstrated;
- mandatory use of the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000;
- applying the Defence Policy for Industry Participation to encourage small and medium enterprise participation;
- complying with the Indigenous Procurement Policy, noting that many Indigenous businesses are small and medium enterprises and small enterprises;
- complying with the Australian Government's Supplier Pay On-Time or Pay Interest Policy, including the use of credit cards for low-value procurements valued below \$10,000; and
- providing mentoring, guidance and advisory services to Australian small and medium enterprises through the Office of Defence Industry Support.

Defence recognises the importance of ensuring that small businesses are paid on time. *The Pay On-Time Survey – Performance Report 2021*, published on the Department of Treasury website at <https://treasury.gov.au>, shows that for contracts valued up to \$1 million, Defence paid 96.3 per cent within 20 days.

Indigenous procurement policy

Defence contributes to enhancing Indigenous entrepreneurship and business development through procurement opportunities in regional and rural Australia to support and grow the Indigenous business sector.

Since the introduction of the Commonwealth Indigenous Procurement Policy, Defence has consistently met its targets and achieved growth in value compared with the previous year. In 2021–22, the Defence target for the number of contracts remained at three per cent of eligible domestic contracts, equalling 696 contracts for the Defence portfolio. In addition, the Government introduced a value-based target for contracts awarded to Indigenous businesses. The value target commenced at 1 per cent in 2019–20 and increases by 0.25 per cent each year to reach three per cent by 2027. The Defence portfolio value target for 2021–22 is \$131 million.

Over each reporting period to date, Defence has significantly exceeded its number and value targets. Defence's performance against the portfolio's annual targets is published on the National Indigenous Australians Agency website at www.niaa.gov.au.

Part of Defence's vision for a reconciled Australia is understanding and learning from history and working towards an inclusive future. This includes providing meaningful opportunities for Aboriginal and Torres Strait Islander people to play an active role in supporting and enhancing Defence capability.

In recognition of Defence's efforts to support Indigenous procurement, we received the Supply Nation Government Member of the Year Award for 2022. This is the fourth time Defence has won this award, recognising our exceptional commitment, engagement and leadership in supplier diversity.

Capital investment

In 2021–22, one major capital facilities and infrastructure project, valued at \$266.1 million, was referred to the Parliamentary Standing Committee on Public Works. The committee conducted two public hearings and the project subsequently achieved parliamentary approval.

Also in 2021–22, 15 medium works capital facilities and infrastructure projects, valued at a total of \$412.7 million, were notified to the committee. All projects were subsequently approved. Further information on the Parliamentary Standing Committee on Public Works can be found in Chapter 5.

Defence economic stimulus

Defence's ability to tackle the challenges the country and the region face were boosted by the Government's announcement of a \$1 billion investment package in 2020. The investment package was designed to increase Australia's defence industry, supporting the creation of thousands of jobs over the 2020–21 and 2021–22 financial years. Defence industry signed \$940.4 million in contracts since the investment package was announced. Approximately \$785.2 million was expended as at 30 June 2022.

Defence achieved significant outcomes from this expenditure in the following areas:

- Defence workforce: personnel growth initiatives;
- the National Estate Works Program: providing facilities maintenance projects addressing safety and compliance requirements;
- innovation and defence industry grants: growing innovation, defence industry, and academia to face capability challenges;
- delivering accelerated capability projects, targeting important manufacturing, and developing high-technology sectors; and
- sustainment of existing capability and platforms.

Capability investment

The Government released the *2016 Defence White Paper* and the *2016 Integrated Investment Program* on 25 February 2016. These set out the \$195 billion in investment in Defence capabilities from financial year 2016–17 through to financial year 2025–26.

The Government released the *2020 Defence Strategic Update* and *2020 Force Structure Plan* on 1 July 2020. These documents outline a new strategic policy framework for Defence and new capability investments in the *2016 Integrated Investment Program* to deliver it. The *2020 Force Structure Plan* and *2016 Integrated Investment Program* set out approximately \$270 billion in capability investment over the decade to 2029–30 in line with Defence's strategic objectives to shape, deter, and respond with credible military capability.

The *2020 Force Structure Plan* builds on the Government's commitments, setting out more than 100 new and adjusted capability investments. These investments will be supported by the critical enabling capabilities of the Defence enterprise to provide new and enhanced capabilities for Defence across its five operational domains: Information and Cyber, Maritime, Air, Space, and Land.

These investments also support continued growth of Australia's defence industry. The Government remains committed to maximising opportunities for Australian defence industry to benefit from this investment.

The dynamic nature of recent events highlights the importance of maintaining an investment program which is affordable and agile in responding to changing priorities, technology advancements, emerging threats, and strategic drivers in the region. The *2016 Integrated Investment Program* is reviewed by Defence and the Government biannually to respond to these changing priorities and threats while balancing capability, strategy, and resources.

The Government has approved 99 capability proposals valued at approximately \$27.2 billion in capital and future sustainment for 2021–22.

Significant Government announcements in 2021–22

Defence enterprise:

The Northern Territory is home to approximately 6,000 Defence personnel, including Australian Defence Force permanent and Reserve members and Australian Public Service employees. This number is forecasted to grow in the coming years.

The Northern Territory is vital to Australia's continued support for the implementation of United States Force Posture Initiatives. The Northern Territory provides opportunities for enhanced United States engagement and interoperability in the region, and provides the Australian Defence Force with improved training opportunities.

Over \$8 billion will be invested over the coming decade into the refresh and redevelopment of Defence facilities in the Northern Territory through the *2020 Force Structure Plan*, including:

- Robertson Barracks; Larrakeyah Defence Precinct, including HMAS *Coonawarra*; Bradshaw Field Training Area; and Defence Establishment Berrimah; and
- RAAF Base Tindal, including upgrading facilities to support KC-30 aircraft operations and the United States Enhanced Air Cooperation initiative.

The Government has announced investment of \$747 million to upgrade four key training areas and ranges (Robertson Barracks, Kangaroo Flats, Mount Bunday and Bradshaw) to enable the Australian Defence Force to conduct simulated training exercises and remain battle ready.

The expenditure in 2021–22 for approved projects in the *Enterprise Estate and Infrastructure Program* was approximately \$2.1 billion. Key programs and activities across Defence include:

- support for the Jindalee Operational Radar Network at Harts Range and Mount Everard sites; and
- sustainment, maintenance, and repair of the Armidale class patrol boats.

Maritime domain:

The naval shipbuilding and sustainment enterprise continues to adapt to Australia's changing strategic circumstances. In September 2021, the Government announced an enhanced security partnership between Australia, the United Kingdom and the United States, known as AUKUS. The Government also announced that under the partnership, Australia would embark on a pathway to procure at least eight conventionally armed, nuclear-powered submarines. A consequence of this decision was the cancellation of the Attack class submarine program. The termination of the associated prime contracts was complex, sensitive and commercially challenging and was agreed early in the life of the new Government in May 2022.

The Government also announced in September that full-cycle docking for the Collins class submarines would remain at Osborne in South Australia, and the Hobart class destroyer upgrade would also be conducted at Osborne using the same combat system teaming arrangements as the Hunter class frigates. Following the Government's earlier announcement of a \$1 billion investment to support the early development of advanced Navy guided weapons, in August 2021 the United States Department of State confirmed United States Congressional approval of a possible foreign military sale to Australia of Standard Missile 2 Block IIC and Standard Missile 6 Block I.

Land domain:

The former Minister for Defence, Peter Dutton MP, announced a \$3.5 billion investment to enhance Army's armoured combat capability on 10 January 2022. This investment will see Army receive up to 75 M1A2 SEPv3 Abrams main battle tanks, 29 M1150 assault breacher vehicles, 17 M1074 joint assault bridge vehicles and an additional six M88A2 armoured recovery vehicles. The projects are expected to achieve initial operating capability in 2025, with the first vehicles to be delivered to Australia in 2024.

The Government announced that Army's armed reconnaissance capability will be strengthened following the selection of the Boeing Apache Guardian, to replace the Armed Reconnaissance Helicopter Tiger from 2025.

Defence will acquire two regiments of self-propelled howitzers and supporting vehicles for the Army. The vehicles will be manufactured and maintained in Geelong, Victoria with construction due to commence in 2022–23.

The Australian Defence Force's heavy-lift battlefield aviation capability is being boosted with an investment in four new CH-47F Chinook helicopters, growing the current fleet from 10 to 14. The first two Chinooks arrived in July 2021, and the third and fourth Chinooks are expected to arrive in Australia in mid-2022.

Air domain:

The former Minister for Defence, Peter Dutton MP, unveiled Defence's state-of-the-art, purpose-built Australian Hypersonics Research Precinct at Eagle Farm in Brisbane on 25 January 2022. The \$14 million precinct provides a location for Defence, industry, universities and international partners to advance understanding and use of hypersonic technology through flight test vehicles. The Government will acquire joint air-to-surface standoff missiles (extended range). This will enable the F/A-18F Super Hornet and, in future, the F-35A Lightning II to hit targets at a range of 900 kilometres. The Government has committed \$115 million in additional funds to accelerate the design and manufacture of remotely piloted and autonomous systems. Boeing Defence Australia will design, manufacture, and flight test uncrewed aircraft in Australia over a four-year program. This program saw the successful test flights of two prototypes in November 2021.

Space domain:

In early 2022, Defence announced the establishment of a Joint Space Command. The newly established Space Command will provide centralised coordination of all Defence space-related projects and capabilities.

Defence has expanded access to geospatial data through existing and new commercial and partner arrangements. Defence is exploring options for the acquisition of a ground-based space electronic warfare capability.

Information and Cyber domain:

Defence is enhancing its cyber workforce, with a commitment to increase it by 230 positions by January 2024. This will be supported by the ADF Cyber Gap Program, with 271 participants expected to graduate in December 2022.

Projects of Concern

The Projects of Concern regime is a proven process for managing the remediation of underperforming projects. This is done by implementing an agreed plan to resolve significant commercial, technical, cost, and/or schedule difficulties and increasing senior management and ministerial oversight.

Table 7.1 provides a list of Projects of Concern as at 30 June 2022. There has been no change since the 2020–21 reporting period.

Table 7.1: Projects of Concern as at 30 June 2022

Project	Project number and phase	Date added
Multi-Role Helicopter (MRH-90)	AIR 9000 Phases 2, 4 and 6	November 2011
Deployable Defence Air Traffic Management and Control System*	AIR 5431 Phase 1	August 2017

*The project met its exit criteria during 2021–22 and is under consideration for removal from the Projects of Concern list.

Defence will continue to actively manage the remaining Project of Concern in 2022–23



Royal Australian Navy sailor Leading Seaman Combat Systems Operator Kate Smith (left) and Able Seaman Combat Systems Operator Django Scott-Cowling on board HMAS *Arunta* during an Indo-Pacific regional presence deployment. CREDIT: Leading Seaman Imagery Specialist Sittichai Sakonpoonpol

Operation DYURRA

Space is becoming an increasingly congested and contested environment.

It is vital that Australia retains a capability edge in the space domain in order to ensure Australia's freedom to access space capabilities and protect Australia's national interests. In recognition of this, the Australian Government is investing over \$7 billion in space capabilities in the coming decade.

A critical component of this investment is enhancing the space domain awareness mission of the Australian Defence Force.

Space domain awareness is part of the Defence Force's Operation DYURRA, which integrates space capabilities, services, and effects into wider multi-domain operations via the Australian Space Operations Centre. Dyurra is the word for 'stars' in the Ngunnawal language.

Operation DYURRA includes integration of Australian Defence Force space operations with our partners through the United States-led Operation OLYMPIC DEFENDER. This operation enhances allied cooperation to strengthen deterrence against hostile actors, improve interoperability, and increase space domain awareness and threat warning. Defence is working with the United States, United Kingdom, Canada, New Zealand, France, and Germany through the Combined Space Operations Initiative to strengthen norms and standards of behaviour and to leverage our combined capabilities.

Australia is committed to a rules-based global order and Defence will continue efforts to promote responsible behaviour in space through Operation DYURRA. Satellite communications and positioning, navigation, and timing data are essential for the execution of military operations, activities, and actions, and the command and control of joint forces both at home and deployed.

"We know that space is not a benign environment where everyone plays nicely, we need to be able to independently verify whether our satellites are experiencing a malfunction or if they're under attack, so we can make the right decisions to protect and defend them."

**Air Commodore Philip Gordon AM,
Director General Air Defence and Space**

These systems enable the sharing of real-time operational and logistical information and/or the placement, navigation, and synchronisation of Defence assets. Vital space-based technology, including global positioning system, satellite communications, and imagery helped our people efficiently deliver emergency responses to Australian communities during the bushfires and COVID-19.

Defence recognises the importance of the space domain as both an essential enabler of military operations and as an operational domain in its own right. Sovereign space capabilities have emerged as one of the key priorities identified in both the *2020 Defence Strategic Update* and the *2020 Force Structure Plan*.

With more than 2,600 satellites orbiting the earth, and more being launched every year, the co-ordination of safe access to space is complex. We must maintain access to protect military and commercial assets against space debris, collisions, and malign acts. •

An M1A1 Abrams main battle tank is shown in motion, firing its main gun. The tank is moving from left to right across a grassy field, kicking up a large cloud of dust and dirt. The background features a line of trees and a dirt road curving through the landscape.

Chapter 8:

Environmental performance

An M1A1 Abrams main battle tank fires on the move during the Coral-Balmoral Cup 2022 at the Puckapunyal Military Area, Victoria. CREDIT: Petty Officer Michael Currie

Defence Environmental Policy and Environmental Strategy 2016–2036

The 2016–2036 *Defence Environmental Strategy* outlines five strategic aims:

- Defence will deliver a sustainable estate across Defence maritime, land and aerospace areas, activities, and operations;
- Defence will understand and manage its environmental impacts;
- Defence will minimise future pollution risks and manage existing contamination risks;
- Defence will improve the efficiency of its resource consumption and strengthen resource security;
- Defence will recognise and manage the Defence estate heritage values.

The first performance reporting scorecard against the 2016–2036 *Defence Environmental Strategy* was delivered in October 2021, assessing performance for the previous two years on the following environmental criteria:

1. We are trusted to manage the environment.
2. The environmental values of our estate are managed for the future.
3. We only use the resources we need.
4. We are ready for changing environments.

All of the policy, programs, and initiatives outlined below drive Defence to achieve these environmental criteria.

Land and water management

Pest management

Defence collaborates with and supports external agencies to manage pests across the Defence estate. In 2021–22, we continued a partnership with the Australian Wildlife Conservancy to deliver science-based conservation management on the Yampi Sound Training Area. The Australian Wildlife Conservancy works closely with Dambimangari Traditional Owners and Dambimangari Aboriginal Corporation Rangers to monitor key threatened species and key threats. Data from the surveys of this untouched, biodiverse, and conservationally significant region of Australia, will help the Australian Wildlife Conservancy develop a science-informed long-term monitoring program to ensure the preservation of threatened and endangered species.

Defence continued to support the trial and use of Felixer™ grooming traps in Cultana Training Area. This was part of its program of management of feral cats on the Defence estate and to collaborate with the Department of Climate Change, Energy, Environment and Water in the management of threatened species. This collaboration included participation in the Threatened Species Commissioner Feral Cat Taskforce.

Defence continues to support the Department of Agriculture, Fisheries and Forestry in the management of biosecurity risks, including through support of mosquito vector monitoring programs at Defence owned and managed properties that are first points of entry to Australia.

Soil management

Defence recognises that it is a custodian of the environment and is committed to sustainable environmental management, including the mitigation of soil run-off impacts upon the Great Barrier Reef Marine Park through hazard reduction burn planning, riparian and gully vegetation management, and improved infrastructure development.

Defence continued its 21-year collaboration with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in the management and monitoring of Townsville Field Training Area, aimed at providing the Australian Defence Force with a training area that is a sustainable capability enabler. This was achieved through maintenance of ground cover, management of erosion sources and a focus on improving water quality in large Great Barrier Reef catchments, while also contributing data to broader Burdekin River catchment sustainability management and research initiatives.

Biodiversity

During the reporting period, Defence continued to manage an environmental offset at Defence Establishment Orchard Hills for the Western Sydney Airport development, under an arrangement with the Department of Infrastructure, Transport, Regional Development and Communications. Defence's obligations are set out in a 20-year memorandum of understanding between the two departments. The core obligation is to improve the condition of the offset area through pest and weed management, replanting programs, reintroduction of native fauna, and applied research. The improvements go beyond Defence's extant obligations for management of environmental values for the Commonwealth Heritage List and previous Government commitments.

Waste management

Defence supports delivery of the National Waste Policy through its Waste and Recycled Materials policy which includes the following objectives:

- avoid the generation of waste;
- improve resource recovery;
- increase the use of recycled material and build demand for recycled products; and
- support industry innovation, evidence-based change and continuous improvement to implement waste, and sustainable material management policy objectives.

Defence has adopted the *2019 National Waste Policy Action Plan* target to phase out problematic and unnecessary plastics by 2025. This will be achieved in a staged approach. On 1 July 2021, a ban on single-use plastics in catering was introduced. Product streams of other problematic single-use plastics were identified through the supply chain, including health products.

Defence has programs to manage some specific end-of-life waste streams. Defence-issued ICT waste is declassified and materials are recovered through certified processes. Defence is also an active member of product stewardship schemes for items such as tyres, which ensures that end-of-life Defence materiel is reused or recycled.

The focus during 2021–22 has been partnering with industry to identify materials with recycled content. Working with the Green Building Council of Australia and the Infrastructure Sustainability Council, Defence focused on identifying and measuring the percentage of recycled content in products to better promote a circular economy.

Referrals under the *Environment Protection and Biodiversity Conservation Act 1999*

Defence maintains an environmental assessment and approval program to meet the requirements of Commonwealth environmental legislation, including identifying and understanding potential adverse impacts of its activities.

Defence continues to conduct self-assessments under the *Environment Protection and Biodiversity Conservation Act 1999* in order to determine whether a referral to the Minister for the Environment and Water is required. In 2021–22, Defence did not refer any projects or activities to the Minister for the Environment and Water for assessment and approval under the Act.

Environmental improvement initiatives and review

Remediation programs

Defence is undertaking ongoing contamination and unexploded ordnance assessments and remediation across priority areas on and off the Defence estate.

The Defence Regional Contamination Investigation Program conducts projects on the Defence estate that define contaminated sites and aim to reduce risks to human health and the environment while also ensuring land use on the estate is optimised for Defence capability. The Regional Contamination Investigation Program is a separate program to the PFAS substances Investigation and Management Program. The Regional Contamination Investigation Program is primarily targeted at investigating non-PFAS environmental contaminants of concern, although it works closely with the PFAS Investigation and Management Program where investigation activities overlap. One of the key aims of this program is to validate and update contaminated land data and risk definition for contaminated sites to support Defence capability and to better inform future infrastructure developments, management (including monitoring) of sites, and property disposal.

The first of the two Regional Contamination Investigation Program phases was completed in 2020. It achieved a review of contaminated site records across two-thirds of the estate by collecting data, monitoring site conditions, and verifying risk assessments. The investigation and remediation works of Regional Contamination Investigation Program Phase resulted in a 56 per cent reduction in the overall number of high and very high risk sites across the properties included in the investigation.

Defence commenced Phase 2 of the program in 2021. This will build on the results of Phase 1 and focus on maximising capability benefits by targeting investigations and remediation planning to land spaces where contamination is constraining development or where risk factors prevent desired land uses, as well as maximising environmental outcomes.

In conjunction with the program, Defence now holds significant chemical data resources, collected over 10 years of chemical sampling. More than 12 million chemical samples have been analysed, supporting the modelling of contamination movement and the identification of trends, leading to quicker remediation interventions. These chemical data resources are being developed into early warning tools and tailored information products for Defence projects and land managers.

Defence has completed targeted remediation of unexploded ordnance and associated waste material, including on the estate at Wirlinga, Greenbank and Mount Stuart Training Areas, and off the estate at Tolga, Queensland. Defence has also continued the ongoing review of the off-estate unexploded ordnance reporting. This activity has been completed at 783 of a current 1,046 sites, enabling the removal of 142 sites from the unexploded ordnance public database.

Defence is delivering a nationally coordinated initiative to detect, remove, and render safe suspected World War II remnants on and off the estate, in order to ensure public and environmental safety. Although personnel movement between sites has been constrained by COVID-19 restrictions, 103 projects are in contract for delivery. Four sites have been completed as at 30 June 2022.

Heritage management on the Defence estate

Defence manages heritage values on the Defence estate consistent with the principles and requirements of Commonwealth heritage legislation, including identification and management of risks to heritage assets during planning, development, and operation of Defence facilities and activities. Defence continues to progress heritage assessments and development of heritage management plans in accordance with the *Defence Estate Heritage Strategy* and legislative requirements. This includes consultation with Traditional Owners of country to develop appropriate cultural heritage conservation and management of Aboriginal and Torres Strait Islander heritage sites and areas on the estate. The development of heritage management plans also fosters stronger collaboration with Aboriginal and Torres Strait Islander communities, which supports a range of outcomes under the *Defence Reconciliation Action Plan 2019–2022* and legislative requirements.

As at 30 June 2022, there are approximately 50 heritage management plans currently in review, in development or being implemented, including for RAAF Base Townsville (Queensland), Majura Training Area (Australian Capital Territory), Northam Army Camp (Western Australia), Lavarack Barracks (Queensland), HMAS *Watson* (New South Wales), and Keswick Barracks (South Australia).

Extensive work was undertaken during 2021–22 to review the Defence Heritage Toolkit, which will be replaced by the new Heritage Management Manual.

Pollution prevention

Defence is progressing activities to address high-priority pollutants and polluting activities, including the ongoing use of firefighting foams and copper frangible rounds. In 2021, all Defence firefighting vehicles were transitioned to a fluorine-free foam. Defence will continue to manage firefighting foam and other emerging contaminants (e.g. copper frangible rounds) in accordance with the Defence Pollution Prevention Management Manual to mitigate environmental risks.

Native vegetation management

In 2022, Defence published a new Landscape Management Manual. The Landscape Management Manual has consolidated, updated, and more clearly described existing Defence-wide landscape management policies into one document. The Landscape Management Manual provides policy implementation direction and minimum requirements for undertaking land management activities on the Defence estate. This includes domestic biosecurity, threatened species and ecological communities, soil, and bushfire management, and sustainability monitoring and reporting to meet legislative obligations and stewardship goals.

Defence has progressed a native vegetation management pilot project to implement the new Defence Native Vegetation Policy and align and integrate service delivery and estate planning processes. The projects at Simpson Barracks, HMAS *Cerberus*, Canungra and Port Wakefield, involve assessments of the existing and potential values associated with the native vegetation, while considering current and future capability requirements. The information will be used to identify the most cost-effective way to support native vegetation management actions which deliver environmental outcomes in accordance with the new Defence Native Vegetation policy in the Defence Landscape Management Manual.

Climate, disaster resilience and sustainability on the Defence Estate

Bushfire management

Throughout 2021–22, Defence continued to implement initiatives in the areas of bushfire mitigation and enhancing sustainability performance. Implementation of the recommendations from independent reviews conducted in 2018–19 and 2022 has continued, resulting in greater consistency in application of policy and improved bushfire and land management.

Under Commonwealth legislation, Defence has health and safety and environmental obligations to manage the risks arising from bushfire, including those to neighbouring properties and communities. In addition, Defence has an obligation under policy to manage the risk bushfire presents to Australian Defence Force training activities and Defence assets. Defence continues to update and develop bushfire management plans in accordance with these requirements, through a national rolling program. The program prioritises high risk profile properties in key bushfire-prone areas such as Shoalwater Bay Training Area, Puckapunyal and Singleton Military Area. As at 30 June 2022, there are 34 sites with bushfire management plans currently in review, in development or being implemented.

Extensive work has been undertaken during 2021–22 to review the bushfire management planning guidelines and templates, which will support the national rolling program and accelerate the development of bushfire management plans.



An Australian Army CH-47F Chinook helicopter delivers an excavator to Atata Island in Tonga during Operation TONGA ASSIST 2022. CREDIT: Corporal Robert Whitmore

Climate adaptation

The climate studies undertaken in 2013 and 2018, provide adaptation considerations for project planners to ensure they understand the implications of adaptation and address risks to their project. Climate risk profiles focused on the risk to infrastructure have been prepared for all Defence sites and are providing climate impact information to all infrastructure and base planning projects. The adaptation options continue to be converted into diagrams to support appropriate and consistent design decisions for the mitigation of climate risk.

Sustainable buildings

Defence requires all new and refurbished facilities to meet industry best practice for energy and water efficiency through compliance with the *Energy Efficiency in Government Operations Policy 2016* and Defence's Building Energy Performance Manual.

Performance reporting was undertaken on sustainable infrastructure initiatives across projects. The reporting identified that many of the initiatives were not being captured. Work has progressed to shift to industry-based Green Building Council and Infrastructure Sustainability Council tools, to better measure the sustainability and resilience aspects of Defence infrastructure.

Renewable energy and energy security

The Defence Renewable Energy and Energy Security Program is currently investigating energy security options through:

- diversifying energy supply and increasing energy independence by installing renewable energy systems;
- incorporating battery energy storage systems to increase energy resilience and improve power quality;
- implementing pilot micro-grid projects at key sites to explore the potential for renewable energy to complement existing base electrical networks and increase the autonomous operation of a site; and
- investigating and managing risks associated with the introduction of new technology/electrical systems such as cyber security and electromagnetic interference.

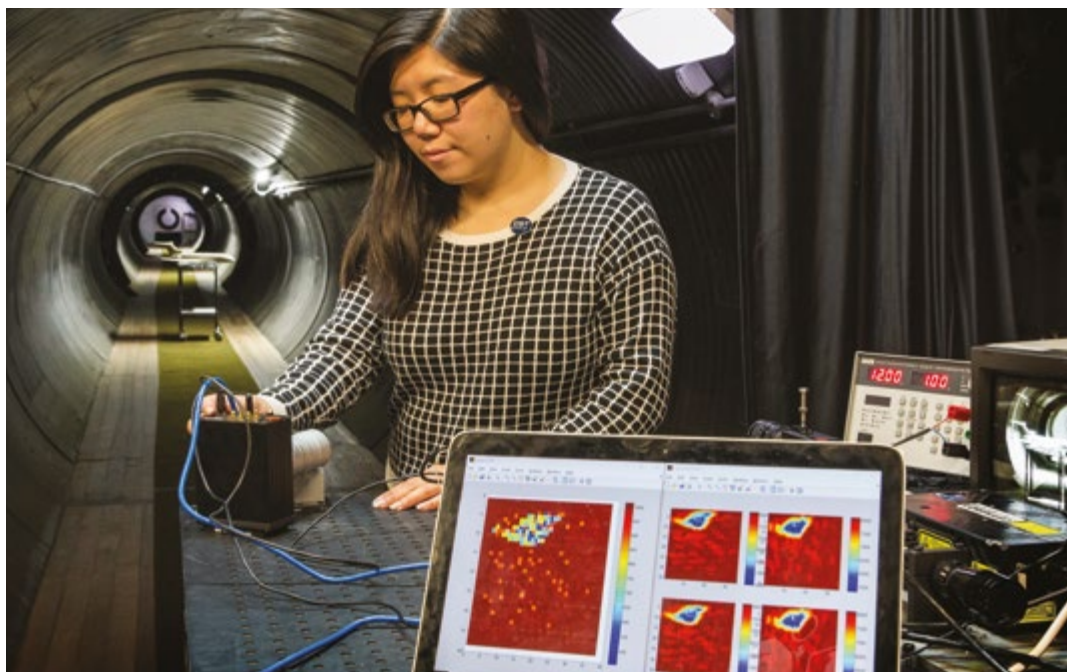
Defence is currently installing the following renewable energy initiatives:

- 14 megawatts of large-scale solar photovoltaic systems at two sites in the Northern Territory: Robertson Barracks (10.5 megawatts) and RAAF Base Darwin (3.5 megawatts);
- a 1.2 megawatt solar photovoltaic system and a 1.5 megawatt hour battery system currently in construction at Harts Range over-the-horizon radar site, Northern Territory; and
- an 80 kilowatt solar photovoltaic system and 105 kilowatt hours of battery storage at Beecroft Air Weapons Range, New South Wales.

Solar photovoltaic and battery storage systems are being scoped for RAAF Base Edinburgh (South Australia); RAAF Base Tindal (Northern Territory); Mulwala (New South Wales); Woomera Range Complex (South Australia) and Larrakeyah Barracks (Northern Territory).

The Renewable Energy and Energy Security Program is leading high-level feasibility assessments of other low-emission technologies including hydrogen, battery energy storage, microgrids, and alternative liquid fuels.

Defence is committed to partnering with industry in the development of alternative fuels and energy storage methods, as a means of improving energy resilience, capability resilience and cost efficiencies.



Defence Science and Technology researcher, Joyce Mau, setting up the Single Photon Avalanche Diode camera for low light and 3D imaging in the testing tunnel at Defence Science and Technology's Edinburgh facility. CREDIT: Peter Hoare

Defence fuel supply chain reform and initiatives

Defence fuel supply chain reform is being delivered through the Defence Fuel Transformation Program. This program is enabling Australian Defence Force capability by reducing enterprise risk, increasing resilience, and optimising costs across the Defence fuel network. This is being delivered in a series of tranches which commenced in July 2018 and will conclude by 2045–46. Tranche 1 of the program, which includes 28 individual projects, is nearing completion. This tranche has been focused on addressing the highest priority safety risks across the Defence fuel network through infrastructure upgrades and governance improvements.

Major achievements include: decommissioning or converting tanks holding obsolete fuel types to optimise the fuel network footprint; developing standard fuel installation designs contributing to operational, maintenance and construction efficiencies; and rollout of safe work procedures and emergency management plans to assist with safety and operator competency. Construction projects to address safety, compliance, and capability risks are well advanced, with works at HMAS *Creswell*, Holsworthy Barracks, RAAF Base Darwin, RAAF Base Richmond, RAAF Base Williamtown, and HMAS *Stirling* completed. The majority of remaining projects are in the final stages of construction, with schedules impacted by weather and supply chain delays.

Tranche 2 of the program commenced in July 2021 and will run for five years. This tranche is building on the fundamentals established in Tranche 1 by delivering further Defence fuel network transformation projects, and the highest priority major capital infrastructure replacements and implementing the fuel services contracts. The contracts will maintain and operate fuel facilities to industry standards through improved asset management and supply fuel to Defence.

Major achievements include the completion of the initial design phase for the infrastructure rebuild and upgrade projects at strategic Defence fuel installations across the network. Procurement activities for the fuel services contracts are also near completion.

Complementing the Defence Fuel Transformation Program, Defence has commenced an activity to understand the policy implications and barriers to modernise its fuel supply chain and prepare for the impending transition away from fossil fuels. A *Defence Future Energy Strategy* is in development and is scheduled to be delivered by the end of 2022. The strategy will set objectives for short, intermediate, and longer term goals to support the adoption of drop-in replacement renewable fuels and other alternative energies where it makes sense to do so.

National PFAS Investigation and Management Program

The Defence PFAS Investigation and Management Program was established to manage the risks associated with PFAS contamination on and around Defence properties.

Defence has now finalised detailed environmental investigations at 27 of 28 sites in the program. All sites where detailed environmental investigations have been completed have transitioned to a management phase, which generally includes remedial activities. One investigation (at RAAF Williams, Laverton in Victoria) is expected to be finalised in August 2022.

At the conclusion of each investigation, Defence uses the findings to develop a PFAS Management Area Plan that addresses elevated risks identified in the detailed environmental investigation and accompanying human health and/or ecological risk assessments. The PFAS Management Area Plan recommends actions to manage and reduce the risks of PFAS exposure and continued migration of PFAS. Defence is now implementing the individual PFAS Management Area Plans, which are specific to the conditions at each site and recommend remediation and other actions to manage and reduce the risks of PFAS exposure.

Each PFAS Management Area Plan includes an ongoing monitoring plan which outlines the sampling program that will be undertaken by Defence to monitor and track PFAS contamination over the coming years. Defence has published ongoing monitoring program annual interpretive reports for 18 sites, providing an assessment of changes in the distribution, concentration, and transport (pathways and flow rates) of PFAS against appropriate guideline values.

Management and remediation

Most PFAS Management Area Plans recommend remedial works. Remedial works require detailed remediation action plans, mass flux studies (to establish a detailed understanding of PFAS migration from a property), and other studies to inform the exact scope, scale, nature, and location of the works.

The characteristics of each site (e.g. soil, hydrogeology, hydraulic gradient) are unique and can inhibit or expedite the rate of PFAS migration from the base. This means that a remediation option that is optimal at one site can be ineffective at another. For each site, the fundamental parameters for remediation options are long-term effectiveness, area/volume scale, timing, waste products, medium addressed, industry capacity, energy requirements, and cost.

Complete prevention of off-site migration is unlikely to be achievable given currently available remedial methods. Developing national guidance for success measures has commenced at the national level.

Water

Water treatment plants are currently operating at Edinburgh (one), Tindal (two), Katherine (one), Williamtown (three), and Oakey (two). Resin media regeneration facilities are operating at both Williamtown and Tindal (one each). To date, Defence has treated over 7.9 billion litres of PFAS-impacted water.

In addition, Defence:

- has contributed over \$27 million to the Northern Territory Power and Water Corporation to enable treatment of Katherine's water supply through a larger, increased capacity water treatment plant;
- has connected 378 properties to town water in Williamtown and Oakey;
- has provided 115 rainwater tanks to 80 properties in Katherine, Oakey and Williamtown; and
- is progressing with planning for providing scheme water to properties in the RAAF Base Pearce PFAS management area.

Soil

Soil remediation has been undertaken and/or is underway at RAAF Bases in Williamtown, Richmond, Pearce, East Sale, and Edinburgh; at HMAS *Cerberus*; and at the Army Aviation Centre Oakey. To date, Defence has treated or removed more than 54,000 tonnes of contaminated soil.

Remediation planning is underway at RAAF Bases in Wagga, Darwin, Tindal, Amberley, and Townsville; at HMAS *Albatross*; at Lavarack Barracks; at the Bandiana Military Area; and at the Jervis Bay Range Facility. Remediation action plans have been developed for these sites.

Research with CSIRO

The investigation and management of environmental PFAS contamination is still hindered by key information gaps. Recognising this, since 2018 Defence has partnered with the CSIRO to develop research program themes.

Research to date by CSIRO and collaborators (including the University of Adelaide and Flinders University) has been conducted on four main themes. Research outcomes are strengthening decision-making on managing PFAS in the environment and on construction and maintenance activities. The outputs assist Defence and other stakeholders, and provide increased assurance that Defence is developing and applying cutting-edge science-based approaches. Further work is anticipated where important knowledge gaps are identified.

THEME 1: Developing a better understanding of PFAS movement in the environment to inform decisions on where pump-and-treat or soil management strategies will be of benefit

Scoped research is nearly complete. Outputs have been used to inform Defence decision-making for pump-and-treat and soil treatment options at key management sites. These findings will also be applied at other sites as Defence expands its remediation activities.

THEME 2: Improving our knowledge of how PFAS interact with concrete and asphalt surfaces or waste piles and developing strategies for mitigating risks from PFAS in these materials, either in situ, during material reuse or following disposal

Research is underway. Results to date have provided important insights into PFAS distribution in concrete and asphalt at representative Defence locations, as well as potential PFAS release mechanisms. Work is underway examining sealants for mitigating PFAS transport from concrete. Further work will explore how PFAS behaves in organic matrices like asphalt, and will seek to progress to studies of potential treatment approaches.

THEME 3: Better understanding the potential for PFAS immobilisation in soil using soil amendments

Scoped research is nearly complete. The findings reiterate other researchers' findings that immobilisation with well-chosen amendments is likely to be an enduring solution. The findings also demonstrate effectiveness at greatly reducing PFAS uptake by plants and earthworms. This information is part of a number of lines of evidence that support Defence's use of activated carbon for PFAS immobilisation at certain sites.

THEME 4: Testing laboratory methods for leaching PFAS from soils to better understand limitations of existing approaches and opportunities for development of alternative laboratory methods that might reflect in-field transport processes

Scoped research is complete. The outcomes demonstrate that different methods show very different leach ability. One method showed promise as a simple and effective means of simulating PFAS from, and transport through, in situ soils.

As at 30 June 2022, Defence has funded 13 research and development activities valued at approximately \$24 million. Most relate to trials for remedial technologies for soil, groundwater, and concrete. In addition to its work with CSIRO, Defence has funded:

- an ongoing PFAS special research initiative administered by the Australian Research Council;
- a national program of research into the human health effects of prolonged exposure to PFAS, administered by the National Health and Medical Research Council; and
- a PFAS health study (epidemiological study) conducted by the Australian National University.

Consultation and collaboration

Defence is committed to providing PFAS-affected communities with transparent, timely, accurate, and relevant information about investigation outcomes; remediation and management activities; opportunities to discuss concerns about PFAS contamination; and details on how residents can access further advice.

As at 30 June 2022, Defence has conducted 157 community engagement events for PFAS-affected communities. Defence continues to provide information to affected communities through:

- delivering formal presentations with opportunity for discussion, questions and answers, and/or panel discussion;
- conducting walk-in sessions or 'shop-front' engagements which enable interactive engagement between community members and officials over a period of time;
- delivering virtual presentations online;
- routinely publishing all investigation reports, management plans, media responses and other publications on the Defence PFAS website <https://defence.gov.au/Environment/PFAS/default.asp>;
- distributing newsletters, factsheets, and other updates; and
- maintaining dedicated information lines for community enquiries.

Defence continues to publish reports, factsheets, and other updates relating to its response to PFAS contamination at each of the 28 sites on the PFAS Investigation and Management Program website. The entire website has recently been refreshed. It provides:

- all reports and publications released through the PFAS Investigation and Management Program;
- updates on progress in implementing PFAS management area plans;
- updates on the progress of remediation and management activities;
- results of ongoing monitoring;
- details of community consultation that has been conducted;
- answers to frequently asked questions;
- details of research and technology demonstration activities Defence has supported;
- links to precautionary advice issued by state and territory authorities; and
- links to other agency websites.

The PFAS Investigation and Management Program website remains the most appropriate location for community members and other stakeholders to access information regarding the program.

Financial investment

Since the Defence PFAS Investigation and Management Program commenced in July 2015, Defence has invested approximately \$580 million to manage the impacts of PFAS contamination. Over \$270 million has specifically addressed remediation and management. In 2022–23, Defence will be investing an additional \$117 million in responding to PFAS contamination.

This expenditure has enabled Defence to determine the nature and extent of PFAS contamination, and to work to manage and remediate contamination across the Defence estate and in surrounding communities.

Boosting ICT and Cyber Security Capabilities



Defence cyber warfare personnel must be able to 'fight and win' in the combined battlespace of the future.

The Australian Defence Force has, and will continue to invest in the future of its cyber capabilities. Information warfare can be described as a whole of nation issue, which has seen fundamental changes in how grey zone challenges are addressed. The cyber threats that face the Australian Defence Force are not dissimilar to the threats faced by businesses and industry, necessitating urgent action to address the resilience of mission critical systems in an increasingly interconnected world.

Defence capabilities are increasingly software defined and rely on protected digital networks. Both Defence and industry must maintain strict cyber hygiene, and maintain a known level of cyber worthiness. Cyber worthy systems in the future will apply coordinated implementation of policy, procedural, and technical

controls to assure cyber-resilient information environments and platforms against advanced persistent threats.

Defence has actively accelerated the recruitment, retention, and skills for Australia's cyber workforce. Initiatives such as the ADF Cyber Gap Program allow tertiary students interested in cyber roles to study and gain experience under the Defence umbrella. Participants, although not required to join Defence after the program, will still have a positive, enduring impact on Australia's sovereign cyber capability. Between 2020 and 2023, Defence will educate and mentor over 800 young Australians to realise their individual aspiration to be part of the national cyber security ecosystem.

The Australian Defence Force has focused on an enhanced cyber warfighting organisation platform to build on in the future. Information Warfare Division has achieved its fifth birthday,

and continues to mature cyber warfare concepts, tools, and interoperability in combined and joint operations. Australian Defence Force operations are underpinned by service contributions to four cyber units: Joint Cyber Unit, Fleet Cyber Unit – Navy, 138 Signal Squadron – Army, and No. 462 Squadron – Air Force. Personnel from these units are highly specialised and operate within context of specific cyberspace terrains. Recruitment into this new area of capability remains a high priority for Defence.

Cyber Operations Branch as part of the Defence Science and Technology Group has a strong focus on countering cyber threats and research to identify, understand, and defeat threats to key cyber terrain. This work supports Australian Defence Force Cyber Operations with a focus on Defence and assists the wider Australian community with its efforts. Defence Science and Technology conducts research into the development of harnessing cognitive inspires approaches for autonomous cyber security.

Whilst the Australian Government maintains a firm position on our current strong cyber state, there is no room for complacency. The cyber domain

“The skills and expertise of these students will benefit the nation greatly, whether they choose to join Defence after the program or not.”

**Mr Peter Woolcott AO,
Australian Public Service Commissioner**

requires continuous review and refresh to address and defeat adversary innovation. Defence accepts that it cannot compete with private industry from a remuneration perspective alone. Cyber recruits are however attracted to the Defence mission and the specialised opportunities that cyber operations within Defence offers. As a ‘team sport’ Defence will seek to strengthen its partnerships across government, industry, academia, and with international partners to maintain an enhanced cyber security posture and ensure its capabilities are secure against attacks from adversaries. •



Cyber Warfare Analyst, Leading Aircraftman Netani Tukana, and Cyber Warfare Officer, Squadron Leader James Haddy from No. 462 Squadron at RAAF Base Edinburgh, South Australia. CREDIT: Leading Aircraftman Sam Price

Appendix A: Financial statements



Auditor-General for Australia



INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence

Opinion

In my opinion, the financial statements of the Department of Defence (Defence) for the year ended 30 June 2022:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of Defence as at 30 June 2022 and its financial performance and cash flows for the year then ended.

The financial statements of Defence, which I have audited, comprise the following as at 30 June 2022 and for the year then ended:

- 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, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Defence in accordance with the relevant ethical requirements for financial statement audits conducted by me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Key audit matter**Valuation of specialist military equipment**

Refer to Note 3.2A 'Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles'

Specialist military equipment includes platform assets in use and under construction and spare parts for these assets.

I consider the valuation of specialist military equipment to be a key audit matter due to:

- the high degree of judgement applied by management and management's valuation expert to measure specialist military equipment at fair value due to the highly specialised nature of these assets;
- the subjectivity in the valuation assessment due to the difficulty in obtaining the replacement costs of assets with a similar capability in the absence of an active market, the selection and application of appropriate indices, the determination and assessment of appropriate useful lives, and the identification of indicators of impairment;
- the significant movements in the specialist military equipment account balances (\$4.1 billion for the year ended 30 June 2022) resulting from the refinement of Defence's valuation methodology, undertaken by management's valuation expert;
- the complexity and high degree of judgement in the cost attribution model that allocates accumulated capitalised costs on large scale acquisition projects between individual platform assets, associated spares and inventory;
- prior year weaknesses identified in the internal controls for the Asset Valuation Model that allocate costs to assets under construction. The control weaknesses increase the risk that assets rolled out from assets under construction may be recorded at the incorrect value; and
- the balance being significant relative to Defence's Statement of Financial Position (\$81.0 billion as at 30 June 2022).

How the audit addressed the matter

To address the key audit matter, I:

- assessed whether the selection of the method for determining fair value was appropriate for each component of specialist military equipment and whether the key assumptions used in the valuation methodology were reasonable;
- tested a sample of inputs used in the valuation to external sources including prices per the Federal Logistics Database (FedLog), foreign exchange rates, current unit prices and country of manufacture indices;
- assessed the competence, capability and objectivity of management's valuation expert;
- tested the completeness and accuracy of data provided to management's valuation expert for use in the valuation process;
- confirmed useful lives applied to specialist military equipment were consistent with other available information including expected withdrawal dates for these assets;
- assessed whether the assumptions and judgements used by Defence to determine the impairment of specialist military equipment were consistent with other available information including changes to planned capability and unscheduled repairs and maintenance;
- evaluated the movement in the overall valuation by asset class to determine and understand the key drivers of the changes and assess whether this was consistent with the underlying individual asset valuation reports;
- assessed whether the significant movements in the specialist military equipment account balance met the criteria for a change in accounting estimate;
- evaluated the sufficiency and appropriateness of the disclosure of the valuation process and balances reported in the financial statements;
- assessed management's assurance process for impairment and inspected a sample of assets for indicators of impairment;
- tested a sample of costs allocated to specialist military equipment assets under construction in the cost attribution model to assess the appropriateness of capitalisation in accordance with Australian Accounting Standards;
- for significant projects, reviewed the quality assurance processes performed by management on the cost attribution model and the approval of cost

	<p>allocations related to specialist military equipment under construction;</p> <ul style="list-style-type: none"> assessed management's analysis of the potential impact of incorrect cost allocations on depreciation expense to determine whether that impact could result in a material misstatement of specialist military equipment; assessed Defence's calculation of employee costs not capitalised to specialist military equipment assets under construction to determine whether that impact could result in a material misstatement; and in response to prior year control weaknesses noted, examined Defence's updated policies and procedures, and quality assurance processes to address the control weaknesses identified in the Asset Valuation Model that allocate costs to assets under construction. The policies and procedures will be applied to new projects from 1 July 2022.
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Key audit matter	How the audit addressed the matter
<p>Valuation of general assets</p> <p><i>Refer to Note 3.2A 'Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles'</i></p> <p>General assets comprise land and buildings (\$22.4 billion), infrastructure (\$7.3 billion), plant and equipment (\$1.6 billion), heritage and cultural assets (\$0.4 billion) and intangible assets (\$2.1 billion). These balances include assets under construction by Defence which are typically long term projects.</p> <p>I consider the valuation of Defence's general assets to be a key audit matter due to:</p> <ul style="list-style-type: none"> the high degree of management judgement required in respect of classifying project costs as capital or expense and the selection of valuation methods to measure fair value; the valuation of Defence's land, buildings, infrastructure, plant and equipment and heritage and cultural assets being dependent on assumptions that require significant management judgement. Significant judgements include capitalisation rates, current replacement costs, discount rates, and the condition of the assets. Where observable market data is not available, the valuation is subject to a higher level of judgement; the subjectivity in determining appropriate useful lives and the assessment of the financial impact of indicators of impairment; and balances being significant relative to Defence's Statement of Financial Position. 	<p>To address the key audit matter, I:</p> <ul style="list-style-type: none"> evaluated the appropriateness of Defence's methodologies and the reasonableness of the key assumptions utilised in the valuation models; assessed the competence, capability and objectivity of management's valuers; tested the completeness and accuracy of data used in the valuation process; assessed whether the useful lives applied to the various asset classes (for the calculation of depreciation) were consistent with Defence's planned usage of these assets; tested a sample of costs allocated to general assets under construction to assess the appropriateness of capitalisation in accordance with the Australian Accounting Standards; and assessed the reasonableness and appropriateness of judgements used by Defence to assess general assets for impairment; and assessed management's assurance process for impairment and inspected a sample of assets for indicators of impairment.

Key audit matter**Existence and completeness of inventories**

Refer to Note 3.2B 'Inventories'

Defence had a balance of \$7.9 billion in inventories as at 30 June 2022 which includes explosive ordnance (\$5.3 billion), general stores inventories (\$2.6 billion), and fuel (\$61.6 million).

I consider the existence and completeness of inventories to be a key audit matter due to the variety and number of inventory items which are managed differently across a large number of geographically dispersed locations.

How the audit addressed the matter

To address the key audit matter, I:

- observed the performance of Defence's National Asset and Inventory Sample at a selection of Defence locations;
 - tested the design, implementation and operating effectiveness of key controls that apply to system components, processes and data within the logistics and financial management information systems; and
 - substantiated a sample of transactions processed through Defence's logistics information systems by agreeing quantities purchased to invoices, warehouse delivery dockets and stock taking records.
-

Key audit matter**Valuation of employee provisions**

Refer to Note 4.4A 'Employee provisions'

Defence administers four defined benefit plans that entitle Australian Defence Force members to retirement and death benefits based on past service.

I consider the valuation of the administered employee provisions to be a key audit matter due to:

- the measurement of the provision being complex, requiring significant professional judgement in the selection of key assumptions. Key assumptions include salary growth and discount rates, pension indexation rate, pension take-up rate and invalidity retirements. The valuation of the provision is highly sensitive to changes in the key assumptions; and
- the balance being significant relative to Defence's Administered Schedule of Assets and Liabilities (\$140.7 billion as at 30 June 2022).

In addition, the Australian Accounting Standards include detailed requirements for the presentation and disclosure in respect of defined benefit plans.

How the audit addressed the matter

To address the key audit matter, I:

- assessed the design, implementation and operating effectiveness of internal controls over the management of defined benefit schemes, including management of the members' data used for the valuation of the defined benefit provisions;
- tested the accuracy and completeness of data used to calculate the defined benefit provisions, including assessing the quality assurance processes used by Defence to confirm the integrity of data used for estimating the defined benefit provisions;
- evaluated the appropriateness of the methodology and reasonableness of the key assumptions applied in estimating the defined benefit provisions by:
 - comparing economic assumptions to long-term expectations over the term of the scheme's liabilities, based on the Government's economic forecasts;
 - assessing the detailed analysis undertaken by Defence's actuary for consistency with historical data on membership experience in relation to:
 - rates of mortality, redundancy, resignation, disability and retirement;
 - the proportion of members who will select each form of payment option available under the plan terms; and
 - promotion and future salary increases;
- assessed the reasonableness of the results of the valuation including the explanations for the changes in the valuation; and
- evaluated the appropriateness of the disclosure of the significant assumptions applied and of the uncertainties that impact the key assumptions, including the sensitivity analysis.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of Defence, the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of Defence to continue as a going concern, taking into account whether Defence's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Defence's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Defence's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Defence to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Grant Hehir
Auditor-General for Australia
Canberra
30 September 2022

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 2022 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. Greg Moriarty
Secretary - Department of Defence
21 September 2022

Signed



Mr. Steven Groves
Chief Finance Officer - Department of Defence
21 September 2022

Department of Defence

Financial Statements

For the period ended 30 June 2022

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Department of Defence

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2022

		2022	2021	Original
		\$'000	\$'000	Budget
				\$'000
NET COST OF SERVICES				
EXPENSES				
Employee benefits ¹	1.1A	12,250,609	11,949,172	12,707,562
Suppliers expenses ¹	1.1B	20,763,207	17,260,678	16,656,219
Grants	1.1C	102,791	75,306	70,259
Depreciation and amortisation	3.2A	5,770,444	5,981,350	6,542,211
Finance costs	1.1D	119,495	115,223	111,577
Impairment loss allowance on financial instruments		1,275	4,660	-
Write-down and impairment of assets	1.1E	3,641,966	1,124,881	1,133,446
Net foreign exchange losses	1.1F	11,618	-	-
Other expenses	1.1G	178,830	113,698	3,169
Total expenses		42,840,235	36,624,968	37,224,443
LESS:				
INCOME				
Own-source revenue				
Revenue from contracts with customers	1.2A	391,951	322,927	330,741
Rental income ¹	1.2B	243,633	238,835	233,386
Other revenue ¹	1.2C	105,119	82,581	5,684
Total own-source revenue		740,703	644,343	569,811
Gains				
Net foreign exchange gains	1.1F	-	31,558	-
Gains from asset sales		4,456	18,666	7,075
Reversals of previous asset write-downs and impairment	1.2D	785,179	200,975	516,836
Other gains	1.2E	425,737	494,951	328,600
Total gains		1,215,372	746,150	852,511
Total income		1,956,075	1,390,493	1,422,322
Net cost of services		40,884,160	35,234,475	35,802,121
Revenue from Government	1.2F	29,592,034	27,365,581	28,098,406
(Deficit)/Surplus		(11,292,126)	(7,868,894)	(7,703,715)
OTHER COMPREHENSIVE (LOSS)/INCOME				
Items not subject to subsequent reclassification				
to net cost of services				
Changes in asset revaluation reserves	3.2A	5,255,741	(793,092)	-
Total other comprehensive income/(loss)		5,255,741	(793,092)	-
Total comprehensive (loss)/income		(6,036,385)	(8,661,986)	(7,703,715)

The above statement should be read in conjunction with the accompanying notes.

¹ Minor changes were made to the comparatives as a result of the reclassification between line items.

Department of Defence
STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		2022 \$'000	2021 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	316,916	285,883	334,859
Trade and other receivables	3.1B	1,578,645	3,064,343	2,733,076
Total financial assets		1,895,561	3,350,226	3,067,935
Non-financial assets				
Land and buildings ¹	3.2A	22,355,173	20,784,034	22,151,678
Specialist military equipment ¹	3.2A	80,958,195	74,517,501	81,414,345
Infrastructure ¹	3.2A	7,347,018	7,168,467	6,810,102
Plant and equipment ¹	3.2A	1,640,638	1,555,343	1,650,751
Heritage and cultural assets	3.2A	430,768	464,510	424,846
Intangibles	3.2A	2,103,775	1,261,150	1,387,264
Inventories	3.2B	7,887,168	7,823,272	7,616,245
Prepayments	3.2C	2,546,916	1,744,349	2,224,521
Total non-financial assets		125,269,651	115,318,626	123,679,752
Assets held for sale	3.2D	160,606	238,351	215,822
Total assets	8.2	127,325,818	118,907,203	126,963,509
LIABILITIES				
Payables				
Supplier payables	3.3A	4,611,582	4,665,311	3,118,572
Employee payables	3.3B	290,659	188,407	211,930
Other payables	3.3C	393,680	437,456	464,466
Total payables		5,295,921	5,291,174	3,794,968
Interest bearing liabilities				
Leases	3.4A	2,929,655	2,909,311	2,654,360
Total interest bearing liabilities		2,929,655	2,909,311	2,654,360
Provisions				
Employee provisions	3.5A	3,121,325	3,283,258	3,656,299
Restoration, decontamination and decommissioning	3.5B	1,009,049	1,144,029	1,414,035
Other provisions	3.5C	284,175	296,562	332,561
Total provisions		4,414,549	4,723,849	5,402,895
Total liabilities	8.2	12,640,125	12,924,334	11,852,223
NET ASSETS		114,685,693	105,982,869	115,111,286
EQUITY				
Contributed equity		64,372,613	49,633,404	65,376,799
Reserves		32,446,454	27,190,713	27,983,804
Retained surpluses		17,866,626	29,158,752	21,750,683
Total equity		114,685,693	105,982,869	115,111,286

The above statement should be read in conjunction with the accompanying notes.

¹ Reported balances of land and buildings, specialist military equipment, infrastructure, plant and equipment include right-of-use assets associated with Defence leases. Refer to Note 3.2 for further details.

Department of Defence
STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2022

	2022 \$'000	2021 \$'000	Original Budget \$'000
Notes			
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	49,633,404	35,794,975	49,914,536
Transactions with owners			
<i>Distribution to owners</i>			
Returns of capital - other	(764,102)	-	-
Transfers from/(to) other entities	9,284	(1,708)	-
<i>Contribution by owners</i>			
Equity injection - Appropriations (current year)	12,666,241	11,145,751	12,747,992
Equity injection - Appropriations (prior year)	-	25,432	-
Departmental capital budget (current year)	2,827,786	2,691,667	2,714,271
Items previously recognised as operating appropriation	-	(22,713)	-
Total transactions with owners	14,739,209	13,838,429	15,462,263
Closing balance as at 30 June	64,372,613	49,633,404	65,376,799
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	29,158,752	37,027,646	29,454,398
Adjusted opening balance	29,158,752	37,027,646	29,454,398
Comprehensive (loss)/income			
(Deficit)/surplus for the period as reported	(11,292,126)	(7,868,894)	(7,703,715)
Total comprehensive (loss)/Income	(11,292,126)	(7,868,894)	(7,703,715)
Closing balance as at 30 June	17,866,626	29,158,752	21,750,683
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	27,190,713	27,983,805	27,983,804
Comprehensive income/(loss)			
Other comprehensive income/(loss)	3.2A 5,255,741	(793,092)	-
Total comprehensive income/(loss)	5,255,741	(793,092)	-
Closing balance as at 30 June	32,446,454	27,190,713	27,983,804

Department of Defence
STATEMENT OF CHANGES IN EQUITY (continued)

For the period ended 30 June 2022

	2022 \$'000	2021 \$'000	Original Budget \$'000
Notes			
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	105,982,869	100,806,426	107,352,738
Adjusted opening balance	105,982,869	100,806,426	107,352,738
Comprehensive (loss)/income			
(Deficit)/surplus for the period	(11,292,126)	(7,868,894)	(7,703,715)
Other comprehensive income/(loss)	5,255,741	(793,092)	-
Total comprehensive (loss)/income	(6,036,385)	(8,661,986)	(7,703,715)
Transactions with owners			
Distribution to owners			
Returns of capital - other	(764,102)	-	-
Transfers from/(to) other entities	9,284	(1,708)	-
Contribution by owners			
Equity injection - Appropriation (current year)	12,666,241	11,145,751	12,747,992
Equity injection - Appropriation (prior year)	-	25,432	-
Departmental capital budget (current year)	2,827,786	2,691,667	2,714,271
Items previously recognised as operating appropriation	-	(22,713)	-
Total transactions with owners	14,739,209	13,838,429	15,462,263
Closing balance as at 30 June	114,685,693	105,982,869	115,111,286

The above statement should be read in conjunction with the accompanying notes.

Accounting Policy

(a) Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

(b) 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 equity appropriations are recognised as a reduction of contributed equity.

Department of Defence
CASH FLOW STATEMENT

For the period ended 30 June 2022

	2022 \$'000	2021 \$'000	Original Budget \$'000
Notes			
OPERATING ACTIVITIES			
Cash received			
Appropriations	30,160,488	26,814,189	27,907,239
Section 74 receipts from OPA ¹	744,003	682,678	-
Goods and services (including cost recovery)	589,623	449,585	558,231
Interest received	1,282	470	-
GST received	2,491,713	2,015,390	2,459,964
Other	160,201	244,104	6,131
Total cash received	34,147,310	30,206,416	30,931,565
Cash used			
Employees	(12,484,432)	(12,335,356)	(12,516,394)
Suppliers	(18,953,878)	(15,125,654)	(15,621,301)
GST paid	(2,532,073)	(2,092,141)	(2,459,964)
Grants	(101,527)	(75,932)	(70,259)
Interest payments on lease liabilities	(127,855)	(117,062)	(111,577)
Section 74 receipts transferred to OPA ¹	(744,003)	(682,678)	-
Cash returned to OPA	(1,343)	(1,152)	-
Other	(135,598)	(134,393)	(3,169)
Total cash used	(35,080,709)	(30,564,368)	(30,782,664)
Net cash (used by)/from operating activities	(933,399)	(357,952)	148,901
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of land and buildings	5,096	19,273	71,680
Proceeds from sales of specialist military equipment	42,164	80,756	17,004
Proceeds from sales of plant and equipment	21,933	16,951	20,194
Other	4,906	709	-
Total cash received	74,099	117,689	108,878
Cash used			
Purchase of land and buildings	(941,808)	(770,308)	(2,157,904)
Purchase of specialist military equipment	(9,592,391)	(8,612,352)	(10,254,188)
Purchase of infrastructure	(845,527)	(674,338)	(579,342)
Purchase of plant and equipment	(256,208)	(222,421)	(166,792)
Purchase of heritage and cultural assets	(17)	-	-
Purchase of intangibles	(1,007,277)	(564,471)	(528,684)
Purchase of inventory	(1,990,336)	(1,559,835)	(1,775,353)
Selling costs on sale of assets	(14,406)	(9,638)	(14,613)
Total cash used	(14,647,970)	(12,413,363)	(15,476,876)
Net cash (used by)/from investing activities	(14,573,871)	(12,295,674)	(15,367,998)

Department of Defence
CASH FLOW STATEMENT (continued)

For the period ended 30 June 2022

	2022 \$'000	2021 \$'000	Original Budget \$'000
FINANCING ACTIVITIES			
Cash received			
Contributed equity	<u>15,745,195</u>	<u>12,815,077</u>	<u>15,462,263</u>
Total cash received	<u>15,745,195</u>	<u>12,815,077</u>	<u>15,462,263</u>
Cash used			
Principal payments of lease liabilities	<u>(204,362)</u>	<u>(301,137)</u>	<u>(243,166)</u>
Total cash used	<u>(204,362)</u>	<u>(301,137)</u>	<u>(243,166)</u>
Net cash from financing activities	<u>15,540,833</u>	<u>12,513,940</u>	<u>15,219,097</u>
Net increase/(decrease) in cash held	<u>33,563</u>	<u>(139,686)</u>	<u>-</u>
Cash and cash equivalents at the beginning of the reporting period	<u>285,883</u>	<u>427,418</u>	<u>334,859</u>
Effect of exchange rate movements on cash and cash equivalents at the beginning of the reporting period	<u>(2,530)</u>	<u>(1,849)</u>	<u>-</u>
Cash and cash equivalents at the end of the reporting period	<u>316,916</u>	<u>285,883</u>	<u>334,859</u>

Notes

3.1A

The above statement should be read in conjunction with the accompanying notes.

¹ Section 74 receipts transferred to and drawn down from the OPA reflect receipts retained by Defence under Section 74 of the Public Governance Performance and Accountability Act 2013. These predominantly relate to goods and services receipts (including cost recovery), proceeds from sales of assets, claims for damages or other compensation and cash received in relation to procurement arrangements.

Department of Defence

BUDGET VARIANCE COMMENTARY

For the period ended 30 June 2022

The following provides an explanation of variances between the Original Budget as presented in the 2021-22 Portfolio Budget Statements (PBS) and 2021-22 final actual result. The budget is not audited. The budget figures as published in the PBS have been restated to align with the presentation and classification adopted in the financial statements.

Defence's original budgeted financial statement was first presented to Parliament in respect of the reporting period (i.e. from Defence's 2021-22 Portfolio Budget Statements) in May 2021.

Explanations are provided for major budget variances only. Variances are explained when it is considered important for a reader's understanding or it is relevant to an assessment of the discharge of accountability and for analysis of the Department's performance.

A number of variances are impacted by the timing of the Commonwealth's budget process including amendments to the Original Budget as presented in the 2021-22 PBS by the Government throughout the year. Defence's budget for 2021-22 was updated as part of the 2021-22 Mid-Year Economic and Fiscal Outlook (MYEFO), and the 2021-22 Portfolio Additional Estimates Statements (PAES).

A number of significant items within Defence's Statement of Comprehensive Income are subject to factors outside Defence's control and do not necessarily follow historical trends. These items include write-down and impairment of assets, other expenses, reversals of previous asset write-downs and impairment, other revenue and other gains. These items are difficult to establish budget estimates for.

Departmental Statement of Comprehensive Income

Departmental expenses

Departmental expenses are \$5,615.8 million (15.1%) higher than the Original Budget. The major items contributing to this variance are outlined below:

- Supplier expenses which were \$4,107.0 million (24.7%) higher than the Original Budget. Defence invested additional expenditure in operating sustainment, repairs and overhaul and maintenance activities across a number of services and assets during 2021-22. In addition, additional expenditure focused on Estate upkeep activities across the Defence facilities portfolio. The termination costs of \$832.1 million for the Future Submarines project (SEA1000 Phase 1B) is a major contributor to the increase in supplier expenses. This expenditure was not budgeted as operating in nature.
- Write-down and impairment of assets which were \$2,508.5 million (221.3%) higher than the Original Budget, primarily due to higher write-down and impairment expenses recorded for Specialist Military Equipment and inventory. This is mainly driven by the write-down of the Future Submarines Asset Under Construction value (\$2,128.6 million) following the termination of the program announced by the Government in September 2021. Due to the nature of these adjustments, historic trends are not useful in predicting actuals.
- Other expenses which were \$175.7 million higher than Original Budget, as a result of revised estimates relating to restoration, decontamination and decommissioning costs which were not budgeted for.
- Depreciation and amortisation expenses which were \$771.8 million (11.8%) lower than the Original Budget primarily due to the lower than budgeted non-financial assets additions during the year and the re-living of some platforms.
- Employee benefits which were \$457.0 million (3.6%) lower than the Original Budget primarily due to lower than budgeted headcount across the APS and ADF by approximately 2% and updates to actuarial assumptions relating to employee provisions.

Department of Defence BUDGET VARIANCE COMMENTARY (continued)

For the period ended 30 June 2022

Departmental income

Departmental income is \$2,207.4 million (6.9%) higher than the Original Budget. Major items contributing to this variance are outlined below:

- Revenue from government which was \$1,493.6 million (5.3%) higher than Original Budget. This is primarily driven by the increased expenditure in comparison to the originally forecast, resulting in the additional revenue from government provided through Appropriation Act No. 3 and No. 4.
- Reversals of previous asset write-downs and impairment which were \$268.3 million (51.9%) higher than Original Budget. This primarily relates to adjustments to Specialist Military Equipment. Due to the nature of these adjustments, historic trends are not useful in predicting actuals.
- Other gains which were \$97.1 million (29.6%) higher than Original Budget. This variance is predominantly due to revisions in estimates for restoration, decontamination, decommissioning and other provisions recorded in 2021-22 of \$207.5 million (2020-21: \$338.3 million). Decreases in provisions primarily relate to reversals of previously recognised amounts as a result of more recent data being available; and changes in parameters.

Other comprehensive income

Other comprehensive income is \$5,255.7 million higher than the Original Budget. This is driven by the revaluation of assets, predominantly increases within Specialist Military Equipment (\$4,807.9 million) and Buildings (\$1,001.2 million), offset by decreases within Infrastructure (\$213.6 million). Due to the uncertainty of the movement in the market for these assets, these amounts are not budgeted.

Departmental Statement of Financial Position

Departmental assets

Departmental assets are \$362.3 million (0.3%) higher than the Original Budget. Major items contributing to this variance are outlined below:

- Intangibles is \$716.5 million (51.6%) higher than Original Budget, predominantly due to additions relating to geospatial intelligence for \$664 million which was not included in the original budget for Intangibles.
- Infrastructure is \$536.9 million (7.9%) higher than Original Budget, predominantly relating to the \$954.8 million in additions in the current year. This is partially offset by the movement of the asset value as a result of the asset revaluation and impairment recognised.
- Prepayments is \$322.4 million (14.5%) higher than Original Budget, which is largely due to timing of payments to acquire assets.
- Inventories is \$270.9 million (3.6%) higher than Original Budget, predominantly as a result of higher than budgeted fuel prices.
- Specialist Military Equipment is \$456.2 million (0.6%) lower than the Original Budget, predominantly as a result of the termination of the Future Submarines during 2021-22.
- Trade and other receivables are \$1,154.4 million (42.2%) lower than Original Budget, partially related to the lower appropriations receivable balance of \$188.8 million.

Departmental liabilities

Departmental liabilities are \$787.9 million (6.6%) higher than the Original Budget. Major items contributing to this variance are outlined below:

- Supplier payables are \$1,493.0 million (47.9%) higher than budget, predominantly relating to the higher than budgeted operating expenditure towards year end.
- Restoration, decontamination and decommissioning provisions are \$405.0 million (28.6%) lower than budget. Due to the nature of these provisions, these do not follow historic trends and are expected to vary from budget.
- Employee provisions were \$535.0 million (14.6%) lower than the Original Budget primarily due to updates to actuarial assumptions.

Department of Defence BUDGET VARIANCE COMMENTARY (continued)

For the period ended 30 June 2022

Departmental equity

Departmental equity is \$425.6 million (0.4%) lower than the Original Budget. This is mainly due to the impacts of revaluation increments which is partially offset by the decrement in retained earnings as discussed in 'Statement of Comprehensive Income' section above.

Departmental Cash Flow Statement

Departmental net cash from operating activities

Departmental net cash from operating activities is \$1,082.3 million lower than the Original Budget. The variance is predominantly driven by higher than budget total cash used of \$4,328.1 million or 14.1%. This is primarily due to higher than budgeted cash used related to supplier expenses of \$3,332.6 million (or 21.3%) which is partially offset by higher than budget cash received from operating activities of \$3,245.7 million (or 10.5%). The higher than budgeted cash received is primarily due to the higher than budget appropriations drawdowns of \$2,016.8 million (or 7.2%).

Departmental net cash used by investing activities

Departmental net cash used for investing activities is \$794.1 million (or 5.2%) lower than the Original Budget. This is primarily driven by cash used for the purchase of Specialist Military Equipment (\$661.8 million or 6.5%) and cash used for purchase of land and buildings (\$1,216.1 million or 56.4%) being lower than Original Budget. These variances are partially offset by cash used by for the purchase of intangibles (\$478.6 million or 90.5% higher than Original Budget), Infrastructure (\$266.2 million or 45.9% higher than Original Budget) and Inventory (\$215.0 million or 12.1% higher than Original Budget).

Departmental net cash from financing activities

The total variance between departmental net cash used by financial activities and the Original Budget is \$321.7 million (1.8%). The increase is primarily driven by higher equity drawdowns (\$282.9 million or 1.8%) due to higher than budgeted capital expenditure as the international supply chains activities increase subsequent to the partial recovery from the impacts of COVID-19 and as a result, Defence's Acquisition Program.

Departmental net cash result¹

With reference to Note 5.3 (Net Cash Appropriation Arrangements), the 2021-22 Defence net cash result is a deficit of \$535.1 million. This comprises of:

a) Operating results:

- Net operating deficit of \$1,926.7 million which comprises predominantly operating expenses greater than budget by \$2,611 million (8.7%) primarily driven by:
 - Supplier expenses being higher than budget by \$2,979.8 million. Termination costs of \$832.1 million for the Future Submarines (SEA1000 Phase 1B) is a major contributor to this result. Additionally, Defence invested further in operating sustainment, repairs and overhaul and estate maintenance activities across a number of services and assets during 2021-22.

This was *partially offset* by:

- Appropriations revenue greater than budget by \$235.5 million (0.8%) largely comprising of \$200.2 million of reversal of pending prior year s51 appropriations; and
- Lower than budgeted employee expenses by \$553.7 million (4.3%) largely driven by lower than budgeted headcount across APS and ADF by 2%. In addition to this, there were certain housing expenses in 2021-22 that have been re-classified from employee benefits to supplier expenses for \$208.3 million. This reclassification was not budgeted for. Furthermore, the increase in the 10 year bond rate from 1.5% as at 30 June 2021 to 3.7% as at 30 June 2022 has contributed to lower than budgeted employee expenses.

b) Capital results:

- Net capital surplus of \$1,391.6 million which is primarily driven by an underspend relating to military equipment capital acquisitions for Future Submarines, with actual capital additions of \$272 million compared to \$494 million estimated actuals, along with a number of other projects impacted by international supply chain delays as a result of COVID-19.

¹ Budget in the 'Departmental Net Cash Result' section refers to the 2021-22 estimated actuals as published in the Portfolio Budget Statements 2022-23.

Department of Defence

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

For the period ended 30 June 2022

		2022	2021	Original
		\$'000	\$'000	Budget
	Notes			\$'000
NET COST OF SERVICES				
EXPENSES				
Employee benefits	2.1A	10,569,098	9,656,670	6,660,919
Subsidies	2.1B	94,918	96,157	130,786
Impairment loss allowance on financial instruments	2.1C	10	4,834	-
Supplier expense	2.1D	243,741	142,448	-
Total expenses		10,907,767	9,900,109	6,791,705
INCOME				
Revenue				
Non taxation revenue				
Fees and fines	2.2A	17,761	17,748	17,444
Interest	2.2B	-	4,305	-
Dividends	2.2C	78,194	47,130	16,961
Military superannuation contributions	2.2D	1,225,257	1,282,145	1,152,202
Other revenue	2.2E	329,675	181,452	35,107
Total non-taxation revenue		1,650,887	1,532,780	1,221,714
Total income		1,650,887	1,532,780	1,221,714
Net (cost of)/contribution by services		(9,256,880)	(8,367,329)	(5,569,991)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		394,155	20,266	-
Actuarial gains/(losses) on defined benefits plans	4.5	46,582,800	14,430,700	-
Total comprehensive Income/(loss)		37,720,075	6,083,637	(5,569,991)

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 2022

		2022 \$'000	2021 \$'000	Original Budget \$'000
	Notes			
ASSETS				
Financial assets				
Cash and cash equivalents	4.1A	357,357	277,148	216,810
Trade and other receivables	4.1B	155,331	81,491	96,908
Equity accounted investments	4.1C	3,125,925	2,731,770	2,845,480
Total financial assets		3,638,613	3,090,409	3,159,198
Non-financial assets				
Prepayments	4.2A	110,487	186,415	144,395
Total non-financial assets		110,487	186,415	144,395
Total Assets Administered on behalf of Government		3,749,100	3,276,824	3,303,593
LIABILITIES				
Payables				
Other payables	4.3A	311,884	277,687	196,005
Total payables		311,884	277,687	196,005
Provisions				
Employee provisions	4.4A	140,774,100	180,219,700	104,236,291
Total provisions		140,774,100	180,219,700	104,236,291
Total Liabilities Administered on behalf of Government		141,085,984	180,497,387	104,432,296
Net Liabilities		(137,336,884)	(177,220,563)	(101,128,703)

The above schedule should be read in conjunction with the accompanying notes.

Department of Defence

ADMINISTERED RECONCILIATION SCHEDULE

For the period ended 30 June 2022

		2022 \$'000	2021 \$'000
	Notes		
Opening assets less liabilities as at 1 July		(177,220,563)	(184,627,107)
Net (cost of)/contribution by services			
Income	2.2A to E	1,650,887	1,532,780
Expenses			
Payments to entities other than corporate Commonwealth entities	2.1A to D	(10,907,767)	(9,900,109)
Other comprehensive income:			
Revaluations taken to/(from) reserves:			
– Defence Housing Australia (DHA)	4.1C	357,258	12,788
– Small portfolio entities	4.1C	36,897	7,478
Actuarial gains/(losses)	4.5	46,582,800	14,430,700
Transfers (to)/from the Australian Government:			
Appropriation transfers from OPA:			
Special appropriations (limited)			
Payments to entities other than corporate Commonwealth entities	5.1C	88	127
Special appropriations (unlimited)			
Payments to entities other than corporate Commonwealth entities	5.1C	3,466,495	3,285,742
Transfers to OPA		(1,523,832)	(1,577,242)
Transfer of loans to Defence Housing Australia ¹		-	(509,580)
Funded benefit payments to the members, not drawn down from Special Appropriations		220,853	123,860
Closing assets less liabilities as at 30 June		<u>(137,336,884)</u>	<u>(177,220,563)</u>

The above schedule should be read in conjunction with the accompanying notes.

¹ The loans to Defence Housing Australia (DHA) have been transferred to the Department of Finance (Finance) as part of the determination made under subsection 78(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) to establish the DHA Borrowings Special Account 2020. This occurred during 2020-21.

Accounting Policy

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 administered cash flow statement and in the administered reconciliation schedule.

Department of Defence
ADMINISTERED CASH FLOW STATEMENT

For the period ended 30 June 2022

	2022 \$'000	2021 \$'000
Notes		
OPERATING ACTIVITIES		
Cash received		
Fees	16,798	18,534
Interest	-	4,305
Superannuation contributions	1,466,679	1,486,991
Special Accounts receipts ¹	387,474	320,522
Other ¹	5,010	41,808
Total cash received	1,875,961	1,872,160
Cash used		
Subsidies	(91,936)	(105,012)
Employees	(3,374,647)	(3,180,857)
Special Accounts payments ¹	(307,265)	(189,388)
Total cash used	(3,773,848)	(3,475,257)
Net cash used by operating activities	(1,897,887)	(1,603,097)
INVESTING ACTIVITIES		
Cash received		
Dividends	35,347	25,604
Total cash received	35,347	25,604
Net cash received from investing activities	35,347	25,604
Net decrease in cash held	(1,862,540)	(1,577,493)
Cash from the Official Public Account for:		
Appropriations	3,466,583	3,285,869
Total cash from the Official Public Account	3,466,583	3,285,869
Cash to the Official Public Account for:		
Appropriations	(1,523,834)	(1,577,242)
Total cash to the Official Public Account	(1,523,834)	(1,577,242)
Cash and cash equivalents at the beginning of the reporting period	277,148	146,014
Cash and cash equivalents at the end of the reporting period	357,357	277,148
4.1A		
The above statement should be read in conjunction with the accompanying notes.		
¹ Minor changes were made to the comparatives as a result of the reclassification between line items.		

Department of Defence BUDGET VARIANCE COMMENTARY

For the period ended 30 June 2022

Administered Schedule of Comprehensive Income

Administered expenses

The total administered expenses is higher by \$4,116.1 million (or 60.6%) compared to the Original Budget. This is largely attributed to higher than budget employee benefits of \$3,908.2 million (or 58.7%). Furthermore, Defence recognised expenses relating to foreign government activities that were not budgeted (\$243.7 million).

Administered income

The total administered income is higher than the Original Budget by \$429.2 million (or 35.1%), due to changes in the membership profile of the superannuation schemes over the course of the financial period that were not factored into the Original Budget. This is impacted by a number of factors including service length, contribution rates and member commencement date. Furthermore, Defence recognised revenue relating to foreign government activities that were not budgeted (\$292.7 million).

Administered other comprehensive income

The total administered other comprehensive income is higher than the Original Budget by \$46,977.7 million due to actuarial gains on defined benefit plans of \$46,583.5 million. This primarily relates to actuarial gains driven by changes in discount rate in DFRDB (\$10,405.0 million), MSBS (\$47,219.0 million) schemes driven by changes in discount rates from 2.1% (DFRDB) and 2.3% (MSBS) respectively to 3.9% (DFRDB and MSBS). This was partially offset by MSBS changes in demographic assumptions (\$7,087.0 million). Due to the uncertainty in the movement of this balance, these amounts are not budgeted.

Administered Schedule of Assets and Liabilities

Administered assets

The total administered assets is higher than the Original Budget by \$445.5 million (or 13.5%). The major variances are related to the equity accounted investments which were \$280.4 million (or 9.9%) higher than budget, due to the higher than expected increase in investment valuation, primarily in Defence Housing Australia.

Administered liabilities

The total administered liabilities is higher than Original Budget by \$36,653.7 million (or 35.1%). This is largely attributed to employee provisions which were \$36,537.8 million (or 35.1%) higher than the Original Budget. The Original Budget was developed using a long term discount rate of 5.0%, based on the 2020 Long Term Cost Report, however the 2021-22 balance is based on the spot rate at 30 June 2022 (between 3.7% and 3.9%), in accordance with AASB 119.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

OVERVIEW

Department of Defence is a federal government entity domiciled in Australia. The nature of Defence's activities primarily relate to the defence of Australia and its national interests through the conduct of operations and to protect and advance Australia's strategic interests. Defence's principal registered place of business is:

Russell Offices
Department of Defence
Canberra ACT 2600

The entity conducts the following administered activities on behalf of the Government:

- To administer and report member and employer contributions paid during the year to the Defence Force Retirement and Death Benefits (DFRDB) scheme, the Military Superannuation and Benefits Scheme (MSBS) and ADF Super. It accounts for the liability for these schemes plus the Defence Forces Retirement Benefits (DFRB) scheme and the statutory death and invalidity scheme, ADF Cover; and
- To administer the Defence Home Ownership Assistance Scheme (DHOAS) which supports the Government's retention and recruitment initiatives and influence ADF members' decision to stay beyond critical career points.

The Basis of Preparation

The financial statements including notes are required by section 42 of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*.

The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*; and
- Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities 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 are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

New Accounting Standards

The following new accounting standard has been applied for the first time during 2021-22:

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities	AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021 and replaces the reduced disclosure requirements (RDR) framework. The application of AASB 1060 involves some reduction in disclosure compared to the RDR with no impact on the reported financial position, financial performance and cash flows of the entity.

Comparative reclassifications

Minor changes were made to the comparatives in both the Departmental and Administered financial statements as a result of the reclassification or merging of some line items. There was no change to the comparative operating deficit or net assets reported.

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.

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 2022

Breach of Section 83 of the Constitution

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. Payments made which are not supported by appropriation are not consistent with section 83 of the Constitution.

Defence has identified a potential issue within two Defence home loan schemes, *Defence Force (Home Loans Assistance) Act 1990* and the *Defence Home Ownership Assistance Scheme Act 2008*, where overpayments have been made resulting in potential breaches of section 83. It should be noted that both schemes have provisions that allow for the recovery of an overpayment (see s31 of the 1990 Act and s 66-70 of the 2008 Act). The legislation does not currently authorise the appropriation of funds in relation to overpayments. It is unlikely that this matter will be addressed by legislative amendment in the near future. Defence will continue to report on potential section 83 breaches for those schemes.

In 2021-22, Defence identified eight overpayments totalling \$1,139 in relation to the *Defence Force (Home Loans Assistance) Act 1990*. Defence undertook recovery action and as at 30 June 2022, \$783 had been recovered.

In 2021-22, Defence identified 290 overpayments totalling \$228,288 in relation to the *Defence Home Ownership Assistance Scheme Act 2008*. Defence undertook recovery action and as at 30 June 2022, \$213,354 had been recovered.

These overpayments represent potential breaches of section 83 and have been derived by analysing data on recovery of overpayments and other identified risk areas for 2021-22. Business processes are in place to ensure that identified overpayments are recovered.

Estimation Uncertainty as a result of COVID-19

Departmental

As part of preparing the 2021-22 financial statements, Defence has considered the impacts of COVID-19 on all provisions and estimations made within the financial statements. Key assumptions impacted by COVID-19 include inflation rates used in decommissioning, decontamination, restoration and other provisions, and salary growth rates used in employee provisions. Rates used reflect the current economic climate and do not have a material impact on the recorded provisions. Consequently, Defence considers there is no material uncertainty within the resultant provisions reported as at 30 June 2022.

Defence has considered the impact of COVID-19 on fair valuation activities that have been undertaken with respect to non-financial assets and the impacts of COVID-19 into final valuations.

Specifically, the valuations of these assets have been reported on the basis that the valuation is current at the date of the valuation only. The value assessed may change significantly over a relatively short period of time, however the valuers have confirmed that this does not mean valuations cannot be relied upon. Rather, that in the current extraordinary circumstances, less certainty should be attached to valuations that would otherwise be the case.

Administered

The only balance subject to assumptions impacted by COVID-19 is the valuation of Administered employee provisions, which includes salary growth rate, demographic experience and discount rate assumptions. Defence in conjunction with the Australian Government Actuary has considered and accounted for these impacts in the development of the Military Superannuation Provisions in light of known salary, demographic and CPI expectations.

Additionally, within Note 4.5, Defence has disclosed the fair value of superannuation plan assets. Given the uncertainties surrounding financial markets due to the COVID-19 pandemic, there is increased uncertainty surrounding the underlying valuation of Australian and overseas equities, and property and infrastructure. While this does not mean that the valuations cannot be relied upon, less certainty should be attached to valuations than would otherwise be the case.

Events After the Reporting Period

In accordance with *AASB 110 Events after the Reporting Period*, reporting entities are required to disclose any event between the balance sheet date and the date the financial statements are authorised for issue that may affect the financial statements. The standard classifies these events as either 'adjusting' or 'non-adjusting'.

Departmental

No significant events have occurred after the reporting date that required the Annual Report to be adjusted as at 30 June 2022, nor have there been any significant non-adjusting events that have occurred after reporting date.

Administered

No significant events have occurred after the reporting date that required the Annual Report to be adjusted as at 30 June 2022, nor have there been any significant non-adjusting events that have occurred after reporting date.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

FINANCIAL PERFORMANCE

This section analyses the financial performance of Defence for the year ended 30 June 2022

1.1: Expenses

	2022 \$'000	2021 \$'000
1.1A: Employee benefits		
Australian Public Service (APS) employee benefits		
Wages and salaries	1,459,349	1,457,489
Superannuation:		
Defined contribution plans	161,050	155,995
Defined benefit plans	112,399	120,694
Leave and other entitlements	135,491	157,303
Fringe benefits tax	18,237	18,366
Separation and redundancies	9,896	30,449
Other allowances	35,359	30,453
Health expenses	4,028	3,161
Other employee expenses	1,608	1,171
Total APS employee benefits	1,937,417	1,975,081
Australian Defence Force (ADF) employee benefits		
Wages and salaries	5,678,409	5,570,775
Superannuation:		
Defined contribution plans	310,891	250,934
Defined benefit plans	1,379,513	1,429,598
Housing ^{1,2}	789,038	787,387
Leave and other entitlements	442,895	329,521
Fringe benefits tax	515,312	483,605
Overseas allowances	93,457	97,399
Separation and redundancies	10,847	10,430
Other allowances	373,926	350,628
Health expenses	529,866	523,483
Other employee expenses	189,038	140,331
Total ADF employee benefits	10,313,192	9,974,091
Total employee benefits	12,250,609	11,949,172

¹ Housing expenses include lease payments made to Defence Housing Australia (DHA) for the provision of housing for ADF members with families. These payments made to DHA for the provision of housing services to ADF members are employee benefits as the benefits are directly connected with employment and Defence is responsible for determining the housing needs. Residences leased from DHA are subleased by Defence to ADF members for a nominal charge. Lease expenses are paid by Defence to DHA and recognised as part of ADF housing expenses.

² Minor changes were made to the comparatives as a result of the reclassification between line items.

For the current financial period, sublease expenses were \$535.2 million (2020-21: \$532.3 million).

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.

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 2022

1.1A: Employee benefits (continued)

Accounting Policy (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. 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.

(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 termination and has informed those employees affected that the termination 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

Permanently appointed ADF employees of Defence are members of the Defence Force Retirement and Death Benefits Scheme (DFRDB), the Military Superannuation Benefits Scheme (MSBS) and Australian Defence Force Superannuation (ADF Super), which includes the ADF Cover.

DFRDB and MSBS are defined benefit superannuation plans for ADF members. 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 in its departmental statements as if they were contributions to defined contribution plans in accordance with AASB 119.

ADF Super is a defined contribution scheme. The members of ADF Super are entitled to an insurance cover for death and invalidity benefits under the provisions of the ADF Cover scheme, which is a defined benefit type plan.

The liability for superannuation recognised in the departmental statements as at 30 June 2022 represents outstanding contributions yet to be paid. The liabilities for DFRDB, MSBS, ADF Cover defined benefit are recognised and reported by the Department of Defence as an administered item.

(e) Paid Parental Leave

Defence provides 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.

(f) Housing

When assessing the application of AASB 16 to the lease payments made to DHA, Defence considers it is necessary to read the Defence Services Agreement (DSA), the Defence Housing Australia Act 1987 (DHA Act) and the Defence Housing Australia Residence Agreement (DRA) as a whole to understand the commercial arrangements between DHA, Defence and the ADF member. The arrangement between DHA and Defence contains a lease for each individual property, with the term of the lease being greater than 12 months. The amount paid as consideration for each lease is based on usage and considered variable as Defence pays these amounts if and when a property is occupied by an ADF member, and therefore not based on an index or rate. Accordingly, there is no right-of-use asset and lease liability recognised under AASB 16 Leases and payments are expensed through the Statement of Comprehensive Income.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

1.1A: Employee benefits (continued)

Accounting Policy (continued)

Accounting Judgements and Estimates

The Australian Government Actuary (AGA) is engaged to provide actuarial assessments of employee liabilities in respect of provisions for annual leave and long service leave based on a variety of factors including but not limited to the likely tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates.

	2022 \$'000	2021 \$'000
1.1B: Supplier expenses		
Goods and services supplied or rendered		
Administration	744,872	685,742
Communications and information technology	2,337,654	1,959,666
Estate upkeep ¹	2,698,672	2,053,915
Freight, storage and removal	703,426	521,692
Foreign government activities	118,245	61,990
Garrison support and mess operations	400,554	369,954
Inventory consumption	940,663	904,521
Other	2,174,171	1,254,422
Professional services/technical advice	1,058,962	765,292
Project management costs	464,156	448,153
Purchase of minor assets	289,143	248,047
Research and development	738,307	764,067
Sustainment (including repair and overhaul)	6,680,494	5,978,395
Training	521,678	453,624
Travel	305,466	190,470
Utilities	423,652	418,273
Total goods and services supplied or rendered	20,600,115	17,078,223
Goods and services supplied or rendered are made up of:		
Goods supplied	2,432,454	1,914,674
Services rendered	18,167,661	15,163,549
Total goods and services supplied or rendered	20,600,115	17,078,223
Other supplier expenses		
Short-term leases ¹	109,987	127,114
Low value leases	32,575	30,581
Variable lease payments	3,373	6,011
Workers compensation premiums	17,157	18,749
Total other supplier expenses	163,092	182,455
Total supplier expenses	20,763,207	17,260,678

The above lease disclosures should be read in conjunction with the accompanying notes 1.1D, 1.2B, 3.2A and 3.4A.

¹ Minor changes were made to the comparatives as a result of the reclassification between line items.

Accounting Policy

Defence has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). Defence recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.1C: Grants

State and Territory Governments	6,119	9,004
Non-profit organisations	72,530	65,324
Overseas	24,142	978
Total grants	102,791	75,306

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

	2022	2021
	\$'000	\$'000
1.1D: Finance costs		
Interest on lease liabilities	104,999	109,217
Unwinding of discount - restoration, decontamination and decommissioning	14,496	6,006
Total finance costs	119,495	115,223

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.2B, 3.2A and 3.4A.

Accounting Policy

All borrowing costs are expensed as incurred.

1.1E: Write-down and impairment of assets

Land and buildings	82,478	13,886
Specialist military equipment	2,641,304	468,430
infrastructure	47,198	6,376
Plant and equipment	27,561	73,507
Heritage and cultural assets	10,016	1,825
Intangibles	69,315	75,010
Inventories	764,094	485,847
Total write-down and impairment of assets	3,641,966	1,124,881

Accounting Policy

The relevant accounting policy for write-down and impairment of assets is detailed in Note 3.2A. The relevant accounting policy for inventory is detailed in Note 3.2B.

1.1F: Foreign exchange

Foreign exchange gains

Non-speculative	(84,121)	(97,386)
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Foreign exchange losses

Non-speculative	95,739	65,828
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Total net foreign exchange losses/(gains)

	11,618	(31,558)
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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 sheet 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.

1.1G: Other expenses

Act of grace payments	1,893	587
Defective Administration Scheme payments	1,267	1,765
Restoration, decontamination and decommissioning costs	174,325	110,194
Other	1,345	1,152
Total other expenses	178,830	113,698

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

1.2: Own-Source Revenue and Gains

Own-Source Revenue	2022 \$'000	2021 \$'000
1.2A: Revenue from contracts with customers		
Provision of goods - Major product line		
Rations and quarters - cost recovery	66,647	67,393
Provision of fuel - cost recovery	47,975	14,986
Foreign government activities	-	34,052
Other (including sale of obsolete and surplus inventory)	18,734	20,455
Total provision of goods	133,356	136,886
Rendering of services - Major service line		
Logistics support recovery	52,630	17,741
Other recoveries	72,259	56,510
Other governments/agencies	105,804	69,067
Other	27,902	42,723
Total rendering of services	258,595	186,041
Total revenue from contracts with customers	391,951	322,927
Timing of transfer of goods and services:		
Over time	131,413	98,892
Point in time	260,538	224,035
Total revenue from contracts with customers	391,951	322,927

Accounting Policy

Revenue from the provision of goods is recognised when control has been transferred to the buyer. Revenue from the rendering of services is recognised when the performance obligation is satisfied.

Revenue recognised at point in time primarily relates to revenue relating to cost recovery of foreign government activities and sales of obsolete and surplus inventory and assets. Revenue recognised over time primarily relates to services provided such as licences, rent and water services, project contributions, and rendering of other services.

Defence payment terms are 30 days from the date of invoice recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

1.2B: Rental income

Operating leases¹

Group rental scheme	206,878	204,339
Other	31,100	31,702
Total operating leases	237,978	236,041

Finance leases²

Finance Income	5,655	2,794
Total finance leases	5,655	2,794
Total rental income	243,633	238,835

¹Defence earns rental income under property leases to third party service providers at Defence operating locations or in circumstances where asset capacity is excess to short term operational requirements. Commercial arrangements are in place where lessees agree to maintain the value and/or condition of the property or other leased assets. Lease contracts also have termination clauses that can be exercised if required with notice periods that reflect the potential operational need for the underlying asset.

²Minor changes were made to the comparatives as a result of the reclassification between line items.

Maturity analysis of operating lease income receivables:

Within one year	43,549	44,249
One to two years	27,035	26,376
Two to three years	27,711	27,035
Three to four years	28,403	27,711
Four to five years	29,114	28,403
More than five years	29,841	58,955
Total undiscounted lease payments receivable	185,653	212,729

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

	2022	2021
	\$'000	\$'000
1.2B: Rental income (continued)		
Maturity analysis of finance lease income receivables:		
Within one year	23,776	14,363
One to two years	23,549	14,536
Two to three years	23,883	13,696
Three to four years	23,596	13,646
Four to five years	22,373	12,951
More than five years	312,363	142,643
Total undiscounted lease payments receivable	429,540	211,835
Unearned finance income	(54,162)	(22,525)
Net investment in leases	375,378	189,310

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1D, 3.2A and 3.4A.

1.2C: Other revenue

Excise refunds	415	184
Settlement of damages	285	10,363
Foreign military sales refunds	11,038	12,072
Foreign government activities	64,626	43,927
Interest revenue ¹	1,282	470
Other refunds	22,602	11,252
Other minor revenues	981	423
Resources received free of charge:		
Remuneration of auditors	3,890	3,890
Total other revenue	105,119	82,581

¹Minor changes were made to the comparatives as a result of the reclassification of some line items.

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.

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(g).

1.2D: Reversals of previous asset write-downs and impairment

Land and buildings	2,836	37,774
Specialist military equipment	526,322	22,123
Infrastructure	21,900	19,378
Plant and equipment	13,973	10,872
Heritage and cultural assets	-	4,001
Software and intangibles	7,959	-
Total property, plant and equipment and intangibles	572,990	94,148
Receivables	598	-
Inventory	211,591	106,827
Total reversal of previous asset write-downs and impairment	785,179	200,975

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

	2022	2021
	\$'000	\$'000
1.2E: Other gains		
Reversal/write back of provisions	207,501	338,349
Other gains - ASMTI Contribution	218,236	156,602
Total other gains	425,737	494,951

Accounting Policy

Reversal/write back of provisions relate to the movements in provisions based on changes in estimates.

Other gains relate to the Australia Singapore Military Training Initiative (ASMTI) agreement. Under the agreement, the Republic of Singapore makes a contribution to Defence which will be used towards the cost of development of military training facilities.

Once developed, these facilities will be used by the Defence forces of Australia and Singapore for the conduct of exercises and other training activities.

1.2F: Revenue from Government

Appropriations:

Departmental appropriations	29,592,034	27,365,581
Total revenue from Government	29,592,034	27,365,581

Accounting Policy

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government 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 2022 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 2022

INCOME AND EXPENSES ADMINISTERED ON BEHALF OF 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

	2022 \$'000	2021 \$'000
2.1A: Employee benefits		
Superannuation:		
Defined benefit plans		
Net service cost	6,402,000	6,334,000
Net interest cost	4,089,700	3,223,400
Retention benefits	77,398	99,270
Total employee benefits	10,569,098	9,656,670
2.1B: Subsidies		
Related parties:		
Defence Home Owner Scheme	88	127
Defence Home Ownership Assistance Scheme	94,830	96,030
Total subsidies	94,918	96,157
2.1C: Impairment loss allowance on financial instruments		
Impairment on trade and other receivables	10	4,834
Total impairment loss allowance on financial instruments	10	4,834
2.1D: Supplier expenses		
Foreign government activities	243,741	142,448
Total supplier expense	243,741	142,448

2.2: Administered - Income

Non-Taxation Revenue

2.2A: Fees and fines

License fees	17,761	17,748
Total fees and fines	17,761	17,748

Accounting Policy

All administered revenues relate to activities performed by Defence on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed. Administered revenues mainly comprise military superannuation contributions, payments received from 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.

Licence fees are charged to home loan providers under the Defence Home Ownership Assistance Scheme (DHOAS), who are required to remit a portion of home loan revenue to the Australian Government. Licence fee revenue is recognised when amounts have been received from customers by the home loan providers.

2.2B: Interest

Loans to Defence Housing Australia	-	4,305
Total interest	-	4,305

Accounting Policy

Interest revenue is recognised using the effective interest method.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

	2022 \$'000	2021 \$'000
2.2C: Dividends		
Australian Government entities - Defence Housing Australia	78,194	47,130
Total dividends	78,194	47,130
2.2D: Military superannuation contributions		
Military superannuation contributions	1,225,257	1,282,145
Total military superannuation contributions	1,225,257	1,282,145
2.2E: Other revenue		
Competitive neutrality revenue - Defence Housing Australia	35,592	37,844
Foreign government activities	292,738	142,448
Other	1,345	1,160
Total other revenue	329,675	181,452

Competitive neutrality revenue relates to State Tax Equivalent payments made by Defence Housing Australia (DHA) under the Australian Government's Competitive Neutrality Policy. The amounts paid include payroll tax, land tax and stamp duty and have been calculated by DHA as being payable under the relevant Acts had they apply.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

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

	2022 \$'000	2021 \$'000
3.1A: Cash and cash equivalents		
Cash on hand	1,431	4,301
Cash at bank - at call	315,485	281,582
Total cash and cash equivalents	316,916	285,883

Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand; and
- b) demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash is measured at its nominal amount. Cash and cash equivalents denominated in a foreign currency are converted using the applicable exchange rate at the reporting date.

3.1B: Trade and other receivables

Goods and services receivables

Goods and services	82,543	58,483
Total goods and services receivables	82,543	58,483

Appropriations receivable

Appropriations receivable	188,774	2,228,786
Total appropriations receivable	188,774	2,228,786

Other receivables

GST receivable from the Australian Taxation Office	392,066	379,951
Accrued revenue	95,399	12,263
Sub-Lease receivables	375,378	189,310
Foreign government activities	-	19,573
Other ¹	455,394	187,484
Total other receivables	1,318,237	788,581
Total trade and other receivables (gross)	1,589,554	3,075,850

Less impairment allowance

Goods and services	(10,909)	(11,507)
Total impairment allowance	(10,909)	(11,507)
Total trade and other receivables (net)	1,578,645	3,064,343

Credit terms for goods and services were within 30 days (2020-21: 30 days).

¹ The balance contains no win no loss receivables totalling \$172.4 million (2020-21: \$70.7 million) and liquidated damages receivables.

Accounting Policy

The receivables for goods and services are generally received within 30 days. The collectability is assessed periodically with allowances made for doubtful debts when there is evidence that Defence will not be able to collect the debt.

In accordance with AASB 9 *Financial Instruments*, impairment of trade receivables is assessed under an expected credit loss (ECL) model. This impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments measured at fair value through other comprehensive income.

Trade and other receivable assets at amortised cost are assessed for impairment at the end of each reporting period. The simplified approach has been adopted in measuring the impairment allowance at an amount equal to lifetime ECL.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2022

3.2: Non-Financial Assets

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (2021-2022)

Item	Land ^{3,4,6} \$'000	Buildings ^{3,4} \$'000	Specialist Military Equipment ³ \$'000	Infra- structure ³ \$'000	Plant and Equipment ³ \$'000	Heritage and Cultural Assets ^{1,2} \$'000	Computer Software - Purchased \$'000	Computer Software - Internally Generated \$'000	Other Intangibles Purchased \$'000	Other Intangibles Internally Generated \$'000	Total \$'000
As at 1 July 2021											
Gross Book value	5,782,881	15,951,722	75,683,889	7,380,677	1,816,146	473,384	1,221,835	751,491	436,278	194,192	109,692,895
Accumulated depreciation/amortisation and impairment	-	(950,369)	(1,166,388)	(212,210)	(260,803)	(9,474)	(707,213)	(482,525)	(61,421)	(81,487)	(3,941,890)
Net book value 1 July 2021	5,782,881	15,001,353	74,517,501	7,168,467	1,555,343	464,310	514,622	268,966	374,857	102,705	105,751,005
Additions:											
By purchase or internally developed	50,191	1,080,308	8,193,394	954,825	297,824	67	281,282	57,458	664,913	-	11,580,262
Right-of-use assets	-	67,086	-	30	62,502	-	-	-	-	-	129,618
By donation/gift	-	-	-	-	-	-	-	-	-	-	-
Adjustments to opening balance	-	-	-	-	-	-	-	-	-	-	-
Revaluations/impairments recognised in other comprehensive income ²	317,872	985,739	4,087,883	(216,319)	54,377	8,054	-	-	-	-	5,237,806
Revaluations/impairments recognised in other comprehensive income for right-of-use assets ²	-	-	-	-	-	-	-	-	-	-	-
Reclassification	(5,418)	15,433	(36,893)	2,702	(62,051)	-	-	-	-	-	18,135
Depreciation/amortisation expense	-	(22,381)	(85,742)	85,742	(62,051)	10,070	29,891	1,040	1,406	(1,406)	-
Depreciation/amortisation expense on right-of-use assets	-	(595,009)	(3,892,021)	(615,883)	(162,902)	(41,906)	(24,654)	(80,674)	(375)	(24,586)	(5,438,010)
Revaluations/write-downs and impairment recognised in net cost of services ²	(9,903)	(72,575)	(2,641,304)	(47,198)	(75,478)	(10,016)	(34,705)	(26,879)	(7,731)	-	(332,434)
Other movements	-	-	-	-	(27,561)	-	-	-	-	-	(2,877,872)
Reversal of previous asset write-downs and impairment	-	2,836	526,322	21,900	13,973	-	7,959	-	-	-	572,990
Transfers in/(out)	-	13,806	170,396	(3,482)	(4,240)	(11)	(314)	-	-	-	176,155
Transfers (to)/from Assets Held for Sale	(20,861)	(3,966)	101,803	(164)	933	-	-	-	-	-	77,745
Remeasurement of right-of-use assets	-	-	-	-	(3,079)	-	-	-	-	-	(3,079)
Disposals:											
From disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-	-	-
Other disposals	(2,033)	(1,574)	(33,890)	-	(9,003)	-	-	-	-	-	(46,500)
Net book value 30 June 2022	6,112,529	16,242,644	80,958,195	7,347,018	1,640,638	430,768	774,081	219,911	1,033,070	76,713	114,835,567
Net book value as at 30 June 2022 represented by:											
Gross book value	6,112,529	17,150,763	81,216,306	7,682,254	1,980,523	445,325	1,501,109	779,941	1,094,935	192,786	118,156,471
Accumulated depreciation/amortisation and impairment	-	(908,119)	(258,111)	(335,236)	(339,885)	(14,557)	(727,028)	(560,030)	(61,865)	(116,073)	(3,320,904)
Closing net book value at 30 June 2022	6,112,529	16,242,644	80,958,195	7,347,018	1,640,638	430,768	774,081	219,911	1,033,070	76,713	114,835,567
Carrying amount of right-of-use assets as at 30 June 2022	60,492	1,875,937	285,779	90,927	377,302	-	-	-	-	-	2,690,437

¹Where land, buildings, infrastructure and plant and equipment meet the definition of a heritage and cultural item, they have been disclosed in the heritage and cultural assets class.

²All revaluations were conducted in accordance with the revaluation policy stated at Notes 3.2A(g).

³Reported balances of land and buildings, specialist military equipment, infrastructure, plant and equipment include right-of-use assets associated with Defence leases.

⁴From time-to-time, Defence enters into operating leases (as lessor) for minor components of the Defence estate (land and/or buildings) where such arrangements support the achievement of Defence objectives. The value of non-current assets under operating lease are not significant to Defence in the aggregate and is included within the balance of non-current assets shown above.

⁵Included in the value of land in the financial statements is portions of land at Bulsbrook's and Damascus barracks that will be transferred to Department of Finance for Centres for National Resilience during 2022-23.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (continued)

	2022 \$'000	2021 \$'000
Commitments payable relating to property, plant and equipment and intangibles		
Land and Buildings ¹	784,537	1,030,090
Specialist military equipment ²	21,825,240	20,344,265
Infrastructure and Plant and equipment ³	2,842,805	2,752,717
Intangibles ⁴	183,642	63,020
Total capital commitments	25,636,224	24,190,092

¹ Outstanding contractual payments for buildings under construction.

² Outstanding contractual payments for specialist military equipment under construction.

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 specialist military equipment, property, plant and equipment including land, buildings and infrastructure are recognised initially at cost where they meet the individual asset recognition threshold.

The capitalisation thresholds is equal to or exceeds thresholds as summarised in the table below, which remain unchanged since 2020-21.

Non-Financial Assets	\$
Specialist military equipment	-
Land	-
Plant and equipment	10,000
Buildings	100,000
Infrastructure	100,000
Heritage and cultural assets	100,000
Intangibles	1,000,000

(b) 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.

(c) Componentisation

Major assets, such as specialist military equipment, are componentised at the point of capitalisation where the components will have useful lives that differ significantly from other parts of the asset. The useful lives of components may be determined with reference to the individual component or the related primary asset.

(d) Decontamination, Restoration and Decommissioning Costs

Where a legal or constructive obligation arises on acquisition to restore a Defence 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.

Decommissioning costs reflect the future costs of disposing assets at the end of its useful life. This is only recorded where Defence has an expectation and/or policies to ensure the removal or disposal of restricted technology prior to decommissioning assets.

(e) Reversal of Previous Asset Write-Downs

These are amounts relating to assets which have been previously written down in prior periods. In the current year, these items have been identified as an asset exceeding the capitalisation threshold.

(f) Assets under construction

Assets under construction (AUC) include expenditure to date on major military capability and facilities projects which meets the definition for capitalisation under AASB 116. AUC projects are valued at current replacement cost and are reviewed annually for indicators of impairment.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (continued)

Accounting Policy (continued)

(g) Subsequent valuations

All property, plant and equipment, excluding intangible and ROU assets, are measured and disclosed at fair value less subsequent accumulated depreciation and accumulated impairment losses.

To comply with Australian Accounting Standard 116 *Property, Plant and Equipment* following initial recognition at cost, valuations for Defence's non-financial assets are subject to a rolling fair value valuation programme whereby all assets are subject to a comprehensive valuation at least once every three years with desktop valuations performed on assets not subjected to comprehensive valuation.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve 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.

Valuation assessments for Defence's non-financial assets are performed by independent external valuers using inputs such as adjusted market transactions, sales prices of comparable assets, replacement cost of new assets, market indices, expected useful life and adjustments for impairment and obsolescence.

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.

Defence holds a SME asset base to maintain its defence capability requirements. This asset base can be categorised into the following sub-components:

- *Platform assets* – which include fully assembled units such as planes, tanks, and ships;
- *Military support items* – which include spares and components that support the aforementioned platforms; and
- *Assets under Construction* – which reflect assets that are in the process of being built within one of the Government approved capability projects.

SME assets are specialised in nature. There is generally limited availability of observable market inputs such as readily available market prices from orderly transactions between market participants in any given reporting period. As such, it is often necessary to use judgement when estimating the fair values.

Up until 2021, Defence valued SME internally. In 2021-22, Defence engaged an external valuer, Jones Lang LaSalle Pty Ltd (JLL), to undertake fair value assessments for SME. The valuers exercise their professional judgement by utilising various inputs and information in determining the fair values of SME assets annually. The basis for determining fair value is by reference to the highest and best use that is physically possible, legally permissible and financially feasible.

In accordance with Australian Accounting Standard 13 Fair value measurements, SME assets are assessed for fair value using the Current Replacement Cost (CRC) approach, where an estimate is determined through establishing a replacement cost of a new asset and allowing for deductions for physical deterioration, obsolescence and impairment. The cost price of assets that are still under construction is considered to be their fair values as there is no market for partially completed military assets.

In determining the current replacement cost for SME assets, the valuers considered multiple methods in order to determine an appropriate replacement cost for each Platform asset or Military support item, and where appropriate these methods were weighted based on the valuer's professional judgement. The methods that contributed significantly to the 2021-22 SME valuation outcomes include, but not limited to:

- *Current Year Acquisition Cost* – This method considers whether a subject asset has been purchased by Defence within the last financial year. This method adopts the actual purchase cost for the asset.
- *Off the Shelf Cost* – The off the shelf cost method can be applied when the relevant asset is readily available for purchase without any customisation or bespoke alterations.
- *Indexation of Original Cost* – This trending method involves applying an index or trend factor to an asset's historic cost to calculate an estimated current cost.
- *Indexation of Last Available Cost* – This trending method involves applying an index or trend factor to the last available cost to convert the known cost into an estimated current cost.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (continued)

Accounting Policy (continued)

(g) Subsequent valuations (continued)

In addition to the above listed methods, JLL have also applied the following methods specifically to Defence's platform assets:

- **Parametric** – Parametric estimation utilises historical and statistical data to derive a cost estimate based on the relationship between physical and performance-based attributes of the assets under consideration.
- **Average Unit Cost Change** – The average unit cost change method estimates a replacement costs by analysing the available replacement costs for different variants of the same make and model and quantifying the change in cost between the different variants.

The primary inputs used in determining the replacement cost across for platforms and military support items include, but not limited to:

- **Adjusted market transactions** based on unique characteristics of SME assets and/or comparable assets - Fair value measurement has been determined using the market transactions, with adjustments made with regard to the unique characteristics and/or military nature of assets within the asset class, resulting in limited directly observable market transactions. Significant judgement and estimates for assets utilising this approach have included the valuation/assessment of recent sales prices established from Memorandum of Sale between market participants.
- **Depreciation** - Includes the depreciation of assets, including considerations for physical deterioration and consumption of future economic benefits. Significant judgement and estimates used in calculating depreciation are derived from Defence's useful life assessments.
- **Market indices** - The use of readily available market indices allows for consideration of underlying price inflation and cost escalation growth and is applied over the established Replacement Cost New (RCN). Market indices also allows for the movement in foreign exchange for assets manufactured or purchased in foreign countries. Where available, indices used are specific to the underlying nature of the asset being measured and are sourced from government and national databases. Significant judgements and estimates are used in the application of appropriate indices against the assets under assessment.

In addition to the above inputs, JLL also consider obsolescence/impairment indicators to estimate the fair values of platform assets.

- **Obsolescence/Impairment** – Includes the obsolescence of assets, including functional or technical, where economic or external factors specific to the asset is considered, in addition to physical obsolescence which results in loss of utility or service potential.

Defence undertakes an internal assessment of impairment indicators for military support items. Although these adjustments are recognised independently to the fair value assessment activities, they contribute to the net movement in the asset revaluation reserve.

Engagement of an external valuer has allowed Defence to build on/enhance the judgements utilised in assessing fair values of SME assets since adoption of fair valuation model for SME assets in 2015-16. The enhancements are aimed at sourcing a greater degree of prices driven by market data, broadening the range of indices applied, apply additional assurance to the consumed economic benefit from the SME platforms, and consideration provided to various valuation approaches.

JLL applies all valuation methods consistently across all Service Groups, namely, the Australian Army, the Royal Australian Air Force and the Royal Australian Navy consistently, physical inspections are undertaken for one service group per year. For the 2021-22 valuation cycle, Air Force Platform assets underwent a physical inspection process.

The table below summarises the results by each method and the related movement that contributes to the net revaluation increment included in Note 3.2A. The below table also includes the impact of Defence's internal assessment of impairment for military support items and includes other adjustments made against the asset revaluation reserve.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (continued)

Accounting Policy (continued)

(g) Subsequent valuations (continued)

Valuation Method	Movement for Platform assets (\$'m)	Movement for military support items (\$'m)	Total fair value movement (\$'m)
Current Year Acquisition	(590.0)	315.8	(274.2)
Off the Shelf	204.7	2,642.4	2,847.1
Indexation of Original Cost	(1,557.5)	79.7	(1,477.8)
Indexation of Last Available Cost	1,924.6	2,239.3	4,163.9
Parametric	(38.1)	-	(38.1)
Average Unit Cost Change	(10.2)	-	(10.2)
Impairment and other adjustments	-	(1,122.8)	(1,122.8)
Total	(66.5)	4,154.4	4,087.9

The 2021-22 engagement of an independent valuation expert resulted in refinements to the revaluation methodology. This resulted in pricing thresholds applied for Military Support Items being removed and a reduction in the use of historic cost prices. As a result of this refinement in estimate, the fair value increment noted in Military Support Items in 2021-22 was \$4,423.0 million (excluding the impact of impairment and other adjustments).

This refinement of methodology is considered to improve the fair value outcomes by providing a more robust and unrestricted valuation estimate. We consider this to be in alignment with AASB 108 Paragraph 34 "An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error."

Where available, indices applied are specific to the underlying SME assets. For example, where assets are manufactured in Australia, indices such as 2394 Aircraft manufacturing and repair services and 2391 Shipbuilding and repair services is applied. Other general indices such as Manufacturing division A2305166A are applied in the absence of SME specific indices. Where required, Defence also considers the movement in foreign exchange for purchases in foreign currencies.

Defence utilised a total of 158 indices in 2021-22 and 18 foreign currencies in fair value assessments for SME. National indices from Australia, the USA and France are the significant contributors for fair value movement in 2021-22. The Australian Dollar, US Dollar and the Euro are the primary currencies impacting prices applied during indexation.

An analysis has been undertaken and the resulting revaluation movement is the impact of recognising the various enhancements to the estimation process that was obtained through the engagement of a professional valuer.

Noting the above, where a principal or most advantageous 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 external valuer.

(h) 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 reviewed periodically and at least at each reporting date 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.

	2021-22	2020-21
Buildings	1 to 100 years	1 to 100 years
Infrastructure	4 to 99 years	4 to 99 years
Specialist military equipment	2 to 52 years	2 to 52 years
Software	2 to 24 years	2 to 24 years
Other intangibles	5 to 26 years	5 to 26 years
Other plant and equipment	2 to 79 years	2 to 79 years
Heritage and cultural	10 to Indefinite	10 to Indefinite

The depreciation rates for ROU assets are based on the commencement date of the lease to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (continued)

Accounting Policy (continued)

(i) 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.

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 consider 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>.

(j) Intangible Assets

Defence's intangibles comprise externally acquired and internally developed computer software for internal use and other externally acquired and internally developed intangibles. All intangibles are amortised on a straight-line basis over their anticipated useful lives. All intangible assets are assessed annually for impairment.

All Defence intangible assets are currently stated at cost 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's 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.

(k) Impairment of Assets

All 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.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

3.2A: Reconciliation of the opening and closing balances of property, plant and equipment, and intangibles (continued)

Accounting Policy (continued)

(l) Derecognition of Assets

Assets are derecognised upon disposal or when no future economic benefits or capability are expected from their use or disposal.

(m) Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability and initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column (where the corresponding underlying assets would be presented if they were owned).

Defence assesses ROU assets to determine if impairment indicators exist at the end of each reporting period. A loss is recognised against any right of use lease asset that is impaired. Lease ROU assets are held at cost and measured after deducting accumulated depreciation and any accumulated impairment losses in Defence's financial statements.

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, or the estimated cost of repair to bring the asset back to service, to determine any impairment loss.

With the exception of intangible assets, Defence's non-financial assets are measured at fair value using revaluation techniques that require significant judgements and estimates to be made. Valuation of Defence's non-financial assets are performed by independent external valuers, using various key inputs and judgements as outlined previously.

• Managing Uncertainties

Defence manages uncertainty through robust and documented estimation process and thorough review and understanding of key inputs and drivers of valuations outcomes as provided by the external valuers. All reports and inputs received, such as estimates of replacement cost, physical depreciation and obsolescence adjustments are reviewed to ensure that they are appropriate and in line with accounting standards.

The external valuers periodically review forecasts and estimates of valuation inputs that are used to establish fair values at the reporting date as new information is made available. Given the time lag between the release of these data inputs and the reporting date, certain inputs will remain as forecast estimates. Defence manages the materiality of these forecast assessments by engaging the external valuer to perform a number of materiality assessment.

While Defence assesses the fair values of its SME annually for statutory reporting purposes, these values do not impact the future procurement decisions for acquisition or sustainment of Defence capabilities.

• Impact of other external factors

Defence has considered the impact of external factors such as COVID-19, and the crisis in Ukraine on valuation activities including the disruption of global supply chain on valuation. The crisis in Ukraine resulted in the volatility in global markets and consequences are anticipated in relation to the cost and availability of energy and natural resources. Given the current economic climate, price indices in countries of manufacture may fluctuate. Despite this, Defence considers that the indices materially reflect the current economic conditions as at 30 June 2022, and application of the indices is appropriate in accordance with AASB 13. Refer to Estimation Uncertainty as a Result of COVID-19 within Overview section for further details.

Due to the nature of Defence operations, some assets have restrictions on title. Restrictions on title vary depending on each individual agreement, such as limitations in transactions where Defence is required to obtain relevant approval for sale.

Whilst the effect of restrictions on some assets can be quantified, there are others that cannot, such as those titles held in inactive or unsophisticated markets. As part of the valuation process, consideration is given to the restrictions on title.

	2022	2021
	\$'000	\$'000
3.2B: Inventories		
Inventories - General	2,566,153	2,469,837
Inventories - Explosive ordnance	5,259,421	5,303,672
Inventories - Fuel	61,594	49,763
Total inventories	7,887,168	7,823,272

No items of inventory were recognised at fair value less cost to sell.

Refer to Note 1.1B for inventory expenses recognised, Note 1.1E for inventory write-down and impairment of assets expense and 1.2E for the gain on the reversals of previous asset write-downs and impairment.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

3.2B: Inventories (continued)

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 as of the period in which they are acquired. Items of inventory are periodically evaluated with excess and obsolete inventory recorded as a reduction to inventory and an expense.

Accounting Judgements and Estimates

Accounting judgements and estimates made in relation to inventory include:

- For all identified obsolete inventories, it is assumed that the service potential is nil; and
- The recognised obsolete inventories are valued using the average of all relevant district weighted average costs rather than the actual cost of the holding.

	2022 \$'000	2021 \$'000
3.2C: Prepayments		
Capital prepayments	1,646,433	991,815
Non-capital prepayments	900,483	752,534
Total prepayments	2,546,916	1,744,349

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.

3.2D: Assets held for sale

Land and buildings	111,362	86,535
Specialist military equipment	48,900	150,703
Infrastructure, Plant and equipment	344	1,113
Total assets held for sale	160,606	238,351

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.

The Australian Defence Sales Catalogue lists selected surplus Australian Defence Force (ADF) equipment and platforms that are held for sale. These platforms are available to Australia's international partners on a Government-to-Government and Government-to-Commercial sales transfer basis. The transfer of ex-ADF equipment to foreign governments is subject to approval processes, independent from the Australian Defence Export Office.

3.3: Payables

3.3A: Supplier payables

Trade creditors and accruals	4,611,582	4,665,311
Total suppliers payables	4,611,582	4,665,311

Accounting Policy

Settlement is usually made within 20 days (2020-21: 20 days).

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

	2022 \$'000	2021 \$'000
3.3B: Employee payables		
Australian Public Service (APS) employee payables		
Salaries and wages	51,924	37,604
Superannuation	6,369	5,245
Australian Defence Force (ADF) employee payables		
Salaries and wages	191,371	110,447
Superannuation	40,995	35,111
Total employee payables	290,659	188,407
3.3C: Other payables		
Statutory payable	196,311	209,205
Other	197,369	228,251
Total other payables	393,680	437,456

3.4: Interest Bearing Liabilities

3.4A: Leases

Lease Liabilities	2,929,655	2,909,311
Total leases	2,929,655	2,909,311
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	382,663	434,086
Between 1 to 5 years	1,200,607	1,386,417
More than 5 years	2,875,743	2,471,997
Total leases	4,459,013	4,292,500

Accounting Policy

Defence as a lessee enters into a range of leases covering land, buildings, specialist military equipment, infrastructure, plant and other equipment to support its operational requirements and to deliver effective outcomes for the Australian Government. There are no leases that are individually significant to Defence and the terms and conditions of leases vary according to Defence's requirements.

For all new contracts entered into, Defence considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

Where leases contain price increases they ordinarily are either a fixed percentage of the lease payments, or variable based on a rate such as a price or cost index. In some cases, leases will contain options for Defence to extend the lease term or purchase the asset at the conclusion of the lease. Defence considers all relevant facts and circumstances that create an economic incentive for Defence to exercise, or not to exercise, the option, including any expected changes in facts and circumstances.

Defence does not guarantee the residual value of any significant lease assets and no sale and leaseback transactions were recorded in either the 2020-21 or 2021-22 financial years. Defence in its capacity as lessee does not have significant leasing arrangements with below market terms.

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.1D, 1.2B and 3.2A.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

	2022 \$'000	2021 \$'000
3.5: Provisions		
3.5A: Employee provisions		
Australian Public Service (APS) employee provisions		
Leave	701,681	738,135
Total APS employee provisions	<u>701,681</u>	<u>738,135</u>
Australian Defence Force (ADF) employee provisions		
Leave	2,402,456	2,517,306
Other provisions	17,188	27,817
Total ADF employee provisions	<u>2,419,644</u>	<u>2,545,123</u>
Total employee provisions	<u><u>3,121,325</u></u>	<u><u>3,283,258</u></u>

The relevant accounting policy for employee provisions is detailed in Note 1.1A Employee Benefits.

3.5B: Restoration, decontamination and decommissioning provisions		
Restoration	113,556	68,613
Decommissioning	321,987	506,564
Decontamination	573,506	568,852
Total restoration, decontamination and decommissioning provisions	<u><u>1,009,049</u></u>	<u><u>1,144,029</u></u>

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 is 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.

Where Defence acquires land that is contaminated, the costs associated with the decontamination are capitalised as part of the land asset in its acquisition price. For land contaminated through use, the decontamination provisions are expensed through the income statement on the basis that the decontamination restores the land to its original state, being repairs and maintenance in nature and bringing no enhanced economic benefits to Defence. The activities that result in the contamination, such as damage to land from an oil spill or from training activities, are operating in nature and therefore the decontamination activities are also considered operating in nature and are expensed accordingly. Defence's land valuations do not factor in any decontamination costs into their valuation for financial reporting purposes.

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.

Defence currently has 209 (2020-21: 129) agreements for the leasing of premises which have provisions requiring the entity to restore the premises to their original condition at the conclusion of the lease. Defence has made a provision to reflect the present value of this obligation.

Provisions for specialist military equipment decommissioning are based on Defence's estimates of future obligations relating to the underlying assets. These are management's best estimates based on actual decommissioning costs incurred for similar assets and are reviewed annually. Provisions for land decontamination and site restoration are supported by external valuations. Estimated provisions are adjusted to future value by applying a five year average of forecast consumer price index and discounting back to present value using the long term government bond rate.

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 2022

	2022 \$'000	2021 \$'000
3.5C: Other provisions		
Other provisions	284,175	296,562
Total other provisions	284,175	296,562

Refer to Note 3.5D for a reconciliation of this balance.

Accounting Policy

Provisions include possible future common law claims from several sources. The Australian Government Actuary (AGA) prepares an annual estimated future cost of certain potential common law claims. Provisions are recognised, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, when Defence is under an obligation to sacrifice future economic benefits but there is uncertainty about the timing or amount of the future expenditure required in settlement.

3.5D: Reconciliation of provision balances

Movement in relation to 2022

	Decontamination provisions \$'000	Decommissioning provisions \$'000	Restoration provisions \$'000	Other provisions \$'000
Carrying amount 1 July 2021	568,852	506,564	68,613	296,562
Additional provisions made	174,318	8,961	56,173	5,771
Amounts used	(19,389)	(3,775)	633	(17,350)
Amounts reversed	(156,959)	(196,865)	(12,573)	(808)
Unwinding of discount rate	6,684	7,102	710	-
Closing balance 30 June 2022	573,506	321,987	113,556	284,175

The above reconciliation should be read in conjunction with the accompanying notes 3.5B and 3.5C.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT

This section analyses assets used to conduct operations and the operating liabilities incurred as a result of 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.

4.1: Administered - Financial Assets

	2022	2021
	\$'000	\$'000
4.1A: Cash and cash equivalents		
Cash held in the OPA - Special Accounts	357,357	277,148
Total cash and cash equivalents	357,357	277,148

The closing balance of cash in special accounts does not include amounts held in trust of \$1.73 million (2020-21: \$1.73 million). See Note 5.2 Special Accounts and Note 8.1 Assets Held in Trust for more information.

4.1B: Trade and other receivables

Goods and services:

In connection with - external parties	41,821	31,075
Total goods and services receivable	41,821	31,075

Other receivables:

Dividends	78,194	47,130
Competitive neutrality - Defence Housing Australia	35,592	3,659
Total other receivables	113,786	50,789
Total trade and other receivables (gross)	155,607	81,864

Less impairment allowance:

Goods and services	(276)	(373)
Total impairment allowance	(276)	(373)
Total trade and other receivables (net)	155,331	81,491

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.

Credit terms for goods and services were within 30 days (2020-21: 30 days).

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

	2022 \$'000	2021 \$'000
4.1C: Equity accounted investments		
Investments in Defence Housing Australia	3,000,591	2,643,333
Investments in other small portfolio entities	125,334	88,437
Total equity accounted investments	3,125,925	2,731,770

Accounting Policy

Defence reports the Australian Government's capital investment in Defence Housing Australia (DHA). 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's operational needs.

The investment is classified as fair value through other comprehensive income and is measured at fair value using the net assets valuation approach in accordance with the Financial Reporting Rule (FRR). The investment was assessed for impairment at year end and no indicators of impairment were noted.

The following Commonwealth entities and companies are small portfolio bodies within the Defence Portfolio of which the Australian Government holds a 100% interest.

- **Australian Strategic Policy Institute Limited**

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.

- **Army and Air Force Canteen Service (Frontline Defence Services)**

The Army and Air Force Canteen Service (AAFCANS), trading since 1915, provides on-base and deployed convenience food, services and everyday essentials through a variety of retail options. AAFCANS is a non-profit organisation that supports local base community.

- **Australian Military Forces Relief Trust Fund (Army Relief Trust Fund)**

The legislative name Australian Military Forces Relief Trust Fund, trades as the Army Relief Trust Fund, provides benefits for soldiers who are serving or who have served in the Australian Army and their dependants.

- **Royal Australian Air Force Veterans' Residences Trust Fund**

RAAF Veterans' Residences Trust was established for the purpose of providing residences for former members of the Air Force and their families who are in necessitous circumstances.

- **Royal Australian Air Force Welfare Trust Fund**

The Trust provides benefits for serving and former members of the Royal Australian Air Force and their dependants.

- **Royal Australian Navy Central Canteens Board**

The Board administers the Royal Australian Navy Central Canteens Fund to provide sustainable recreational and lifestyle benefits to serving Navy members.

- **Royal Australian Navy Relief Trust Fund**

The Fund provides welfare assistance to serving and ex-serving members of the RAN and their families.

4.2: Administered - Non-Financial Assets

4.2A: Other non-financial assets

Prepayments - retention benefits	110,487	186,415
Total other non-financial assets	110,487	186,415

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	3,524	539
Special accounts liability ¹	308,360	277,148
Total other payables	311,884	277,687

¹This balance includes amounts relating to net GST payable of \$40.3 million.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

4.4: Administered - Provisions

Overview of Schemes

Permanently appointed ADF employees of Defence are members of the Defence Forces Retirement Benefits Scheme (DFRB), the Defence Force Retirement and Death Benefits Scheme (DFRDB), the Military Superannuation and Benefits Scheme (MSBS) or the Australian Defence Force Superannuation (ADF Super)¹. DFRB and DFRDB are fully unfunded defined benefit plans while MSBS is a partially funded defined benefit plan. DFRB, DFRDB and MSBS are closed to new members. All new members of the ADF are now eligible to enter ADF Super which is a defined contribution plan fully funded by employer contributions of 16.4% of member's full earnings. All new ADF members are entitled to an insurance cover for death and invalidity benefits under the provisions of the ADF Cover arrangement. ADF Cover is a fully unfunded scheme with all costs met by the Australian Government. It is a defined benefit plan.

Defence makes employer contributions for DFRB, DFRDB and MSBS based on an agreed employer contribution rate. The employer contributions assist the Government in meeting the cost of the superannuation entitlements under these defined benefit plans. Defence accounts for these employer contributions as contributions to defined contribution plans in accordance with AASB 119 in its departmental financial statements.

Defence, on behalf of the Australian Government, is responsible for administering the four defined benefit plans relating to DFRB, DFRDB, MSBS and ADF Cover. Defence recognises an administered liability for the present value of the Australian Government's expected future payments arising from the four defined benefit plans. These liabilities are based on an annual actuarial assessment performed by the Australian Government Actuary (AGA). Defence also has the responsibility to record the Australian Government's transactions in relation to the four defined benefit plans.

Accounting Policy

In addition to the annual actuarial assessment, the AGA also completes a full review of the unfunded liabilities for the four defined benefit plans every three years and issues a Long Term Cost Report (LTCR). The demographic assumptions underlying the annual actuarial assessment are updated every three years as part of the LTCR. The economic assumptions underlying the actuarial assessment are updated annually. The most recent LTCR was issued for the 30 June 2020 financial year and forms the basis for the demographic assumptions applied in calculation of the net defined benefit liability (unfunded) for DFRB, DFRDB, MSBS and ADF Cover as at 30 June 2022.

Actuarial gains or losses arising from the annual actuarial assessment are recognised in Other Comprehensive Income in equity in the year in which they occur. Current and past service cost and interest on the net defined benefit liability are recognised in the line item 'employee benefits expense' in the Administered Schedule of Comprehensive Income. The return on fair value of plan assets excluding the amount included in interest income is recognised in equity. The net defined benefit liability is calculated annually as the present value of future obligations less the fair value of plan assets. The net defined benefit liability recognised in the Administered Schedule of Assets and Liabilities under the line item 'employee provisions' represents the actual deficit or surplus in Defence's four defined benefit plans.

¹Individuals eligible for ADF Super can choose to join a superannuation scheme of their choice to receive employer contributions.

	2022 \$'000	2021 \$'000
4.4A: Employee provisions		
Superannuation - DFRB	306,200	375,800
Superannuation - DFRDB	35,797,000	45,397,000
Superannuation - MSBS	101,602,000	131,734,000
Insurance cover - ADF Cover	3,068,900	2,712,900
Total employee provisions	140,774,100	180,219,700
Employee provisions are expected to be settled in:		
No more than 12 months	3,511,000	3,072,000
More than 12 months	137,263,100	177,147,700
Total employee provisions	140,774,100	180,219,700

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

4.5: Administered - Defined Benefit Plans

Scheme Information

Funding Arrangements

The funding arrangements for the various schemes and the ADF Cover arrangement are as follows:

Scheme	Funding
DFRB	The scheme has no active members and therefore no employer contributions are made into the scheme. Benefits are paid from consolidated revenue on an emerging cost (or pay as you go) basis, which results in contributions from consolidated revenue made into the scheme equalling the benefits paid out from the scheme.
DFRDB	Unfunded as employer contributions and member contributions made to assist the Government in meeting the costs of the scheme are not held by the scheme, but paid directly into consolidated revenue. DFRDB's members contribute 5.5 per cent of the highest incremental salary for rank plus service allowance, which is paid into consolidated revenue. Benefits are paid from consolidated revenue on an emerging cost (or pay as you go) basis, which results in contributions made into the scheme equalling the benefits paid out from the scheme. Employer contributions also include the 3 per cent productivity contributions. Member contributions paid are included within the service cost.
MSBS	Partially funded as member contributions and some employer contributions are paid into the scheme, that is the MSBS Fund, while the remaining employer contributions are paid directly into consolidated revenue. Employer productivity contributions of 3 per cent of superannuation salary, member contributions, usually of 5 per cent of superannuation salary, employee salary sacrifice contributions and Superannuation Guarantee top up payments are paid into the MSBS Fund. The balance of superannuation benefits payable, after allowing for any funded part of the benefit, under the <i>Military Superannuation and Benefits Act 1991</i> , are paid from consolidated revenue on an emerging (or pay as you go) basis.
ADF Cover	Unfunded. No employer contributions are made in relation to ADF Cover as this arrangement is only providing death and invalidity benefits as these arise for employees that are eligible to be members of the ADF Super defined contribution plan. Benefits are paid from consolidated revenue on an emerging cost (or pay as you go) basis, which results in contributions made into the scheme equalling the benefits paid out from the scheme.

Benefits Paid

The nature of the benefits provided under the schemes and the ADF Cover arrangement are as follows:

Scheme	Benefits Paid
DFRB ¹	All remaining DFRB members are in receipt of indexed lifetime pensions.
DFRDB	Length of service is the primary factor that determines benefit entitlement. Members who retire from the Australian Defence Force after twenty years of effective service (or after fifteen years of service at retirement age for rank) are entitled to an indexed lifetime pension ¹ based on a percentage of their annual pay on retirement, some of which can be commuted to a lump sum. Members are entitled to a productivity benefit based on contributions of 3 per cent of pay increased with interest, which is paid as a lump sum in addition to the defined benefits. Most members are currently in receipt of a lifetime pension.
MSBS	Benefits payable comprise a lump sum of accumulated member contributions and an employer financed defined benefit. The employer financed defined benefit is calculated on the basis of the member's final average salary, length of contributory service and includes the 3 per cent of salary productivity component. Benefits arising from member's contributions are determined by the value of contributions and investment returns. The employer financed defined benefits payable may be taken as a lump sum or as an indexed lifetime pension ¹ or as a combination of lump sum and pension. MSBS also has an ancillary accumulation section which can accept other employer contributions and member contributions for the provision of fully funded accumulation lump sum benefits. An Invalidity benefit may also be payable, which depends on the level of invalidity suffered. Invalidity benefit type A pensions (60%-100% incapacity) are larger and have a higher cost compared to the invalidity benefit types B (30%-59% incapacity) and C (less than 30% incapacity).
ADF Cover	ADF Cover provides death and invalidity benefits for ADF personnel eligible to join the ADF Super accumulation scheme. A lump sum payment is payable upon the death of a member whilst in service based on prospective future service to age sixty and salary at death. A surviving spouse can opt to receive a pension in lieu of the lump sum death benefit. On an invalidity exit, the invalidity benefit type A is calculated based on a lifetime pension ¹ of (60 less member's age at invalidity exit) x 2.2% x superannuation salary at exit plus a temporary top up pension payable to age 60 of completed years of service at exit x 2.2% x superannuation salary at exit. For Invalidity B benefits, a percentage of 1.1% is used to calculate benefits, while no benefits are payable for invalidity type C. Invalidity types for ADF Cover are determined using the same incapacity rates that apply for MSBS as outlined above.

¹These pensions have an attaching lifetime reversionary pension payable to a surviving spouse following the death of the member.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

4.5: Administered - Defined Benefit Plans

Regulatory Framework

The applicable regulatory framework for each scheme and arrangement is as follows:

Scheme	Enabling Act	Period open for new members	Requirement
DFRB	<i>Defence Forces Retirement Benefits Act 1948</i>	From July 1948 to 30 September 1972	Exempt from <i>Superannuation Industry (Supervision) Act 1993</i>
DFRDB	<i>Defence Force Retirement and Death Benefits Act 1973 and the Defence Force Act 1903</i>	From 1 October 1972 to 30 September 1991	Exempt from <i>Superannuation Industry (Supervision) Act 1993</i>
MSBS	<i>Military Superannuation and Benefits Act 1991</i>	From 1 October 1991 to 30 June 2016	Compliance with <i>Superannuation Industry (Supervision) Act 1993</i>
ADF Cover	<i>Australian Defence Force Cover Act 2015</i>	From 1 July 2016	Exempt from <i>Superannuation Industry (Supervision) Act 1993</i>

Governance of the defined benefit schemes

Commonwealth Superannuation Corporation (CSC) was established under the Governance of *Australian Government Superannuation Schemes Act 2011* and is responsible for:

- Providing administration services for each scheme;
- Management and investment of scheme assets;
- Compliance with superannuation taxation and other applicable laws; and
- Compliance with relevant legislation including the *Governance of Australian Government Superannuation Schemes Act 2011*.

CSC is supported by a custodian and other specialist providers. CSC is legally separated from Defence.

Risks

The scheme specific risks, as detailed below, apply to all four schemes and arrangement, unless specified otherwise.

Risk	Exposure
Interest Rate Risk	The present value of the scheme liability (referred to as the defined benefit obligation) is calculated using a discount rate determined by reference to the government bond rate consistent with the term of the liability for each scheme. This rate has no regard to the actual return on any assets of the scheme. A decrease in the bond rate will increase the defined benefit obligation.
Longevity Risk	The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of scheme participants and their spouses both during and after their employment. An increase in the life expectancy of the scheme participants and their spouses will increase the defined benefit obligation.
Salary Risk	The present value of the defined benefit obligation is calculated by reference to the future salaries of scheme participants. An increase in the salary (in excess of that assumed) of the participants prior to retirement will increase the defined benefit obligation. This risk does not apply to the DFRB and has minimal application to ADF Cover.
Pension Increase Risk	The present value of the defined benefit obligation is calculated by reference to the level of future pension indexation. For MSBS and ADF Cover pensioners, and DFRB and DFRDB pensioners under age 55, the pensions are linked to increases in the Consumer Price Index (CPI). For DFRB pensioners and DFRDB pensioners aged 55 or more, pension increases are calculated as the greater of CPI and Pensioner and Beneficiary Living Cost Index and benchmarked against a Male Total Average Weekly Earnings index. Higher than assumed pension increases will increase the defined benefit obligation.
Invalidity Exit Risk	Benefits are in the form of an indexed pension payable for life and the benefit formula is based on service to retirement age and level of invalidity suffered by the member. A temporary top up pension to age 60 is also payable for ADF Cover members. An increase in invalidity exits will increase the defined benefit obligation for MSBS and ADF Cover schemes only. This risk is not relevant for the DFRB and has minimal application to the DFRDB due to the absence of active members in these schemes.
Pension Take-up Risk	This risk is relevant for the MSBS scheme only. For MSBS, retiring members and surviving spouses of members who die in service have the option to receive the employer benefit as a part or full pension, compared to the alternative lump sum. When an individual opts to receive a pension on retirement, the actuarial value of the pension is greater than the value of the lump sum benefit foregone. Higher pension take up rates will increase the defined benefit obligation.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

4.5: Administered - Defined Benefit Plans (continued)

Assumptions

The economic assumptions outlined below are significant factors affecting the estimate of the scheme liability. However, the relationship between these assumptions is significant. Changes of equal magnitude in the absolute levels of each of the rates can have a major effect on nominal cash flows but may have only a minor effect on the liability and service cost.

For the defined benefit obligation, a range of other assumptions have also been made regarding rates of retirement, death (for active, preserved and pension members), mortality improvements, invalidity, resignation, retrenchment, retention and take up rates of pensions in the schemes. Assumptions have also been made for the ages of spouses and the proportion of members married at the time of their death.

Membership data for DFRB, DFRDB, MSBS and ADF Cover as at 30 June 2021 was used to calculate liabilities in the AASB 119 update. These liabilities were then projected forward to 30 June 2022, allowing for assumptions in accordance with the 2020 LTCR.

The liabilities were then adjusted for aggregate experience over the year. In particular, actual experience relating to invalidity exits, pension increase rates, general salary increase rates, benefit payments, salaries per payroll data and the MSBS invested fund was incorporated.

Principal actuarial assumptions for the various schemes are as follows:

The demographic assumptions utilised for the 30 June 2022 actuarial estimate of DFRB, DFRDB, MSBS and ADF Cover are based on the assumptions used in the 30 June 2020 LTCR.

	2022	2021
DFRB		
Discount rate at 30 June	3.7%	1.6%
Expected pension increase rate ¹	-	-
Expected pension increase rate (aged 55 or more) ²	4.0%	4.0%
Expected pension increase rate (aged less than 55) ³	2.5%	2.5%

¹ Salary growth rate is nil as members are all pensioners.

² Short term Age Pension methodology increases for those age 55 or more are assumed to be 4.2% for 2022-23, 3.2% for 2023-24 and 2.7% for the following two years (2024-25 to 2025-26) before reverting to the long term assumed rate of 4.0% per annum from 2026-27.

³ Short term CPI increases for those under age 55 are assumed to be 4.0% for 2022-23 and 3.0% for 2023-24 before reverting to 2.5% per annum from 2024-25.

DFRDB

Discount rate at 30 June	3.9%	2.1%
Expected salary increase rate ⁴	4.0%	4.0%
Expected pension increase rate (aged 55 or more) ⁵	4.0%	4.0%
Expected pension increase rate (aged less than 55) ⁶	2.5%	2.5%

⁴ Separate promotional salary scales are used to allow for promotional salary increase. For 2022-23, assumed salary growth is 2.0% per annum, before reverting to 4.0% from the 2023-24 financial year.

⁵ Short term Age Pension methodology increases for those age 55 or more are assumed to be 4.2% for 2022-23, 3.2% for 2023-24 and 2.7% for the following two years (2024-25 to 2025-26) before reverting to the long term assumed rate of 4.0% per annum from 2026-27.

⁶ Short term CPI increases for those under age 55 are assumed to be 4.0% for 2022-23 and 3.0% for 2023-24 before reverting to the long term pension increases (2.5%) based on CPI.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

4.5: Administered - Defined Benefit Plans (continued)

	2022	2021
MSBS		
Discount rate at 30 June (active members and pensioners)	3.9%	2.3%
Expected rate of return on plan assets	3.9%	2.3%
Expected salary increase rate ¹	4.0%	4.0%
Expected pension increase rate ²	2.5%	2.5%
Invalidity exits - new ³ (approximate)	960 p.a.	1,400 p.a.
Invalidity exits - retrospective ³	750 p.a.	400 p.a.
Pension take-up rate for direct retirements (officers/other ranks) ⁴	100%/95%	100%/95%
Pension take-up rate for current preserved members (officers/other ranks) ⁴	90%/85%	90%/85%
Pension take-up rate for current serving members projected to exit with a preserved benefit and retire some time later (officers/other ranks) ³	90%/85%	90%/85%

¹ Separate promotional salary scales are used to allow for promotional salary increase. For 2022-23, assumed salary growth is 2.0% per annum, before reverting to 4.0% from the 2023-24 financial year.

² Pension increase rate is determined using short term pension increases. For 2022-23, assumed salary growth is 4.0%, 3.0% for 2023-24 before reverting to the long term pension increases (2.5%) based on CPI.

³ In the 2020 Long Term Cost Report approximately 2,150 new invalidity pension commencements for 2020-21 were assumed for MSBS and ADF cover combined with this trending down over time towards an underlying 1,700 as the commencement of new retrospective invalidity pensions decreases. The figures shown above are in respect of the MSBS portion of assumed new invalidity pension commencements. Taking account of recent experience and trends for new MSBS retrospective invalidity pension commencements, revised assumptions for retrospective invalidity pension commencements have been adopted. These assume that there would be an extra 400 retrospective pension commencements in 2022-23 compared to the previous assumptions.

⁴ The pension take-up rates for members that exit directly from service are much higher compared to those who exited service, became preserved members and then retired some time later.

ADF Cover

Discount rate at 30 June	3.9%	2.3%
Expected pension increase rate ⁵	2.5%	2.5%
Invalidity exits - new ⁶	580	599

⁵ Pension increase rate is determined using short term pension increases. For 2022-23, assumed salary growth is 4.0% per annum, 3.0% for 2023-24 before reverting to the long term pension increases (2.5%) based on CPI.

⁶ This represents the number of claims that are expected to emerge in respect of incidents that take place each year, based on the same age dependent rates as those used for MSBS and the number of members in ADF Cover as at 30 June 2022. This represents approximately 2.3% of the current membership base of about 25,700. The number of new invalidity pensions commencing in 2022-23 arising from incidents in 2021-22 and earlier years is expected to be around 650.

Maturity Profile

The maturity profiles of the defined benefit obligation under the schemes are as follows:

Scheme	Maturity profile of defined benefit obligation
DFRB	The interest rate and probability weighted mean term of the liabilities is 8.3 years (2020-21: 9.6 years).
DFRDB	The interest rate and probability weighted mean term of the liabilities is 14.4 years (2020-21: 16.8 years).
MSBS	The interest rate and probability weighted mean term of the liabilities is 24.4 years (2020-21: 28.6 years).
ADF Cover	The interest rate and probability weighted mean term of the liabilities is 25.5 years (2020-21: 29.5 years).

Expected Contributions

The expected contributions which are the expected amount of benefit payments under the schemes are as follows:

Scheme	Expected contributions
DFRB	The expected employer contribution for 2022-23 is \$31.0m (2021-22 actual: \$35.5m).
DFRDB	The expected contribution (including 3% productivity contributions) for 2022-23 is \$1,740.0m (2021-22 actual: \$1,704.0m). Note that member contributions paid to consolidated revenue would be an offset to this.
MSBS	The expected contribution for 2022-23 is \$1,805.0m (2021-22 actual: \$1,565.0m). This includes expected employer contributions to meet unfunded benefit payments and funding via the MSBS Fund.
ADF Cover	The expected contribution for 2022-23 is \$80.0m (2021-22 actual: \$50.0m).

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

4.5: Administered - Defined Benefit Plans (continued)

Sensitivity analysis for significant actuarial assumptions

The impact of a change in the defined benefit obligation reported as at 30 June 2022 under several scenarios is presented below.

	Change in assumption ¹	Impact on defined benefit obligation	
		Increase in assumption \$m	Decrease in assumption \$m
DFRB			
Reported	\$306m		
Discount rate	+/- 0.5%	(11.9)	12.7
Pension increase rate	+/- 0.5%	12.3	(11.6)
DFRDB			
Reported	\$35,797m		
Discount rate	+/- 0.5%	(2,339.0)	2,612.0
Salary and Age Pension methodology	+/- 0.5%	1,889.0	(1,724.0)
CPI increase rate (aged under 55)	+/- 0.5%	605.0	(597.0)
MSBS			
Reported	\$113,415m		
Discount rate	+/- 0.5%	(11,415.0)	12,585.0
Salary increase rate	+/- 0.5%	1,585.0	(1,415.0)
CPI increase rate	+/- 0.5%	10,585.0	(9,415.0)
Invalidity exits - new	+/- 40%	5,585.0	(5,415.0)
Pension take-up rate	+/-10%	1,585.0	(2,415.0)
ADF Cover			
Reported	\$3,069m		
Discount rate	+/- 0.5%	(345.9)	410.1
Pension increase rate	+/- 0.5%	410.1	(345.9)
Invalidity exits	+/- 40%	348.1	(346.9)

¹ Change in assumption reflects additive adjustments, except for invalidity exits, which reflect a multiplicative adjustment. The sensitivity analysis is based on the change in a particular assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The factors used to conduct the sensitivity analysis are based on an expectation of a realistic and potential movement in the defined benefit obligation, based on historical experience. The underlying results of the sensitivity factors used are deemed to be materially accurate as they are in line with historical experience and management's understanding of the underlying defined benefit obligation.

There has been no change from previous periods in the methods and assumptions used to prepare the sensitivity analysis for economic assumptions. For demographic assumptions, the methods and assumptions used to undertake the sensitivity analysis are based on the 2020 LTCR.

Sensitivity analysis of economic assumptions of +0.5% and -0.5% for all four schemes is generally based on the methodology used for estimating the reported liability, except where noted below. These economic assumptions include the discount rate, pension increase rate (based on CPI or Salary and Age Pension methodology), CPI increase rate, and salary increase rate.

For ADF Cover, the sensitivity analysis for the discount rate of -0.5% is based on the experience of MSBS. The extrapolation is modelled based on the impact that a lower discount rate had on the MSBS reported liability, compared to the impact of a higher discount rate. This has been applied to extrapolate the -0.5% movement in the discount rate for ADF Cover.

The -0.5% sensitivity assumption used for the DFRB pension increase rate; DFRDB Salary and Age Pension methodology; and DFRDB CPI increase rate are modelled by extrapolation from the +0.5% calculation, assuming that the additive percentage increase in liability due to a higher +0.5% assumption will apply as a percentage decrease due to a lower -0.5% assumption.

Sensitivity analysis of the invalidity assumptions (new invalidity pensions) for MSBS is included as the experience has not been stable. Given the uncertainty around new invalidity pension commencements, the sensitivity analysis allows for invalidity pension commencements to be 40 per cent higher than assumed for both direct ADF exits and new retrospective invalidity pension commencements (based on the revised assumptions).

Sensitivity analysis of the pension take-up rate assumption for MSBS is based on the sensitivity analysis included in the 2020 LTCR which shows the impact of a 100 per cent pension take-up rate. The factor of 100 per cent provides a theoretical upper bound on the cost impact from this process as the actuarial value of the pension is much greater than the value of the lump sum benefit from the member's perspective. In practice, there will be individuals who will prefer the lump sum over the alternative pension. Sensitivity analysis of pension increase rate (based on CPI) and invalidity exits for ADF Cover are based on the assumptions used for the MSBS sensitivity analysis, using the ADF Cover member data.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

4.5: Administered - Defined Benefit Plans (continued)

The actuarial estimate of the net defined benefit liability for DFRB, DFRDB, MSBS, ADF Cover and in aggregate is presented below. The net defined benefit liability equals the present value of the future defined benefit obligation less the fair value of defined benefit plan assets. The most recent actuarial estimates were calculated by the AGA as at 30 June 2022. 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.

The reconciliations included below show movements in the net defined benefit liability, the present value of the defined benefit obligation and the fair value of the defined benefit plan assets. The disclosures below are in line with requirements of AASB 119.

	2022 \$'000	2022 \$'000	2022 \$'000	2022 \$'000	2022 \$'000
	DFRB	DFRDB	MSBS	ADF Cover	Total
The amounts recognised in the Administered Schedule of Assets and Liabilities are as follows:					
Present value of funded obligations	-	-	11,813,000	-	11,813,000
Fair Value of plan assets	-	-	(11,813,000)	-	(11,813,000)
Present value of unfunded obligations	306,200	35,797,000	101,602,000	3,068,900	140,774,100
Net liability recorded:	<u>306,200</u>	<u>35,797,000</u>	<u>101,602,000</u>	<u>3,068,900</u>	<u>140,774,100</u>
The amount recognised in the Administered Schedule of Comprehensive Income are as follows:					
Current service cost	-	56,000	4,353,000	1,993,000	6,402,000
Interest on obligation	5,700	937,000	3,343,000	85,000	4,370,700
Expected return on plan assets	-	-	(281,000)	-	(281,000)
Total expense recognised:	<u>5,700</u>	<u>993,000</u>	<u>7,415,000</u>	<u>2,078,000</u>	<u>10,491,700</u>
Actuarial losses/(gains) on liabilities recognised	(39,800)	(8,889,000)	(36,682,000)	(1,672,000)	(47,282,800)
Expected return on plan assets	-	-	281,000	-	281,000
Actual return on plan assets (interest income)	-	-	419,000	-	419,000
Actuarial (gains)/losses on plan assets recognised	-	-	700,000	-	700,000
Other Comprehensive Income recorded:	<u>(39,800)</u>	<u>(8,889,000)</u>	<u>(35,982,000)</u>	<u>(1,672,000)</u>	<u>(46,582,800)</u>
	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
	DFRB	DFRDB	MSBS	ADF Cover	Total
The amounts recognised in the Administered Schedule of Assets and Liabilities are as follows:					
Present value of funded obligations	1,300	60,000	12,219,000	1,000	12,281,300
Fair Value of plan assets	(1,300)	(60,000)	(12,219,000)	(1,000)	(12,281,300)
Present value of unfunded obligations	375,800	45,397,000	131,734,000	2,712,900	180,219,700
Net liability recorded:	<u>375,800</u>	<u>45,397,000</u>	<u>131,734,000</u>	<u>2,712,900</u>	<u>180,219,700</u>
The amount recognised in the Administered Schedule of Comprehensive Income are as follows:					
Current service cost	-	102,000	5,258,000	974,000	6,334,000
Interest on obligation	4,400	863,000	2,495,000	36,000	3,398,400
Expected return on plan assets	-	-	(175,000)	-	(175,000)
Total expense recognised:	<u>4,400</u>	<u>965,000</u>	<u>7,578,000</u>	<u>1,010,000</u>	<u>9,557,400</u>
Actuarial losses/(gains) on liabilities recognised	(51,700)	(5,425,000)	(7,337,000)	108,000	(12,705,700)
Expected return on plan assets	-	-	175,000	-	175,000
Actual return on plan assets (interest income)	-	-	(1,900,000)	-	(1,900,000)
Actuarial (gains)/losses on plan assets recognised	-	-	(1,725,000)	-	(1,725,000)
Other Comprehensive Income recorded:	<u>(51,700)</u>	<u>(5,425,000)</u>	<u>(9,062,000)</u>	<u>108,000</u>	<u>(14,430,700)</u>

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

4.5: Administered - Defined Benefit Plans (continued)

	2022	2022	2022	2022	2022
	\$'000	\$'000	\$'000	\$'000	\$'000
	DFRB	DFRDB	MSBS	ADF Cover	Total
Reconciliation of the net defined benefit liability					
Opening value at 1 July	375,800	45,397,000	131,734,000	2,712,900	180,219,700
Current Service cost	-	56,000	4,353,000	1,993,000	6,402,000
Interest cost	5,700	937,000	3,343,000	85,000	4,370,700
Expected return on plan assets (interest income)	-	-	(281,000)	-	(281,000)
Total expense	5,700	993,000	7,415,000	2,078,000	10,491,700
Actuarial losses/(gains) in plan assets recognised in other comprehensive income	-	-	700,000	-	700,000
Actuarial losses /(gains) in liabilities arising from:					
Changes in liability experience	16,100	1,516,000	3,450,000	(177,000)	4,805,100
Changes in financial assumptions	(55,900)	(10,405,000)	(47,219,000)	(1,495,000)	(59,174,900)
Changes in demographic assumptions*	-	-	7,087,000	-	7,087,000
Contributions	(35,500)	(1,704,000)	(1,565,000)	(50,000)	(3,354,500)
Net defined benefit liability as at 30 June	306,200	35,797,000	101,602,000	3,068,900	140,774,100
Reconciliation of the present value of the defined benefit obligation					
Opening present value at 1 July	377,100	45,457,000	143,953,000	2,713,900	192,501,000
Current Service cost	-	56,000	4,353,000	1,993,000	6,402,000
Interest cost	5,700	937,000	3,343,000	85,000	4,370,700
Funded contributions by plan participants	-	-	232,000	-	232,000
Actuarial losses /(gains) in liabilities arising from:					
Changes in liability experience	16,100	1,516,000	3,450,000	(177,000)	4,805,100
Changes in financial assumptions	(55,900)	(10,405,000)	(47,219,000)	(1,495,000)	(59,174,900)
Changes in demographic assumptions*	-	-	7,087,000	-	7,087,000
Benefits paid	(36,800)	(1,764,000)	(1,784,000)	(51,000)	(3,635,800)
Defined benefit obligation as at 30 June	306,200	35,797,000	113,415,000	3,068,900	152,587,100
* The demographic assumptions used for the 30 June 2022 actuarial estimate are based on the 30 June 2020 LTCR.					
Reconciliation of the fair value of plan assets					
Opening fair value at 1 July	1,300	60,000	12,219,000	1,000	12,281,300
Expected return on plan assets (interest income)	-	-	281,000	-	281,000
Experience actuarial gains/(losses)	-	-	(700,000)	-	(700,000)
Contributions	35,500	1,704,000	1,565,000	50,000	3,354,500
Funded contributions by plan participants	-	-	232,000	-	232,000
Benefits paid	(36,800)	(1,764,000)	(1,784,000)	(51,000)	(3,635,800)
Fair value of plan assets at 30 June	-	-	11,813,000	-	11,813,000
The major categories of plan assets at the end of the reporting period for each category, as follows:					
Australian equities	-	-	2,835,120	-	2,835,120
Overseas equities	-	-	2,598,860	-	2,598,860
Property and infrastructure	-	-	1,535,690	-	1,535,690
Private equity	-	-	1,417,560	-	1,417,560
Cash, debt instruments	-	-	2,126,340	-	2,126,340
Other liabilities	-	-	1,299,430	-	1,299,430
Subtotal	-	-	11,813,000	-	11,813,000

The actual return on plan assets was a loss of \$419.0m (2020-21: gain of \$1,900.0m). The fair value of scheme assets relates to investments in the CSC Pooled Superannuation Trust. These are disclosed as level 2 in the fair value hierarchy, where the net market value is derived from observable inputs (other than quoted prices) such as prices or derived from prices.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

4.5: Administered - Defined Benefit Plans (continued)

	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
	DFRB	DFRDB	MSBS	ADF Cover	Total
Reconciliation of the net defined benefit liability					
Opening value at 1 July	460,300	51,559,000	134,511,000	1,620,900	188,151,200
Current Service cost	-	102,000	5,258,000	974,000	6,334,000
Interest cost	4,400	863,000	2,495,000	36,000	3,398,400
Expected return on plan assets (interest income)	-	-	(175,000)	-	(175,000)
Total expense	4,400	965,000	7,578,000	1,010,000	9,557,400
Actuarial losses/(gains) in plan assets recognised in other comprehensive income	-	-	(1,725,000)	-	(1,725,000)
Actuarial losses /(gains) in liabilities arising from:					
Changes in liability experience	(2,300)	(55,000)	4,565,000	382,000	4,889,700
Changes in financial assumptions	(19,300)	(2,825,000)	(24,095,000)	(497,000)	(27,436,300)
Changes in demographic assumptions*	(30,100)	(2,545,000)	12,193,000	223,000	9,840,900
Contributions	(37,200)	(1,702,000)	(1,293,000)	(26,000)	(3,058,200)
Net defined benefit liability as at 30 June	375,800	45,397,000	131,734,000	2,712,900	180,219,700
Reconciliation of the present value of the defined benefit obligation					
Opening present value at 1 July	460,300	51,559,000	144,784,000	1,620,900	198,424,200
Current Service cost	-	102,000	5,258,000	974,000	6,334,000
Interest cost	4,400	863,000	2,495,000	36,000	3,398,400
Funded contributions by plan participants	-	-	254,000	-	254,000
Actuarial losses /(gains) in liabilities arising from:					
Changes in liability experience	(2,300)	(55,000)	4,565,000	382,000	4,889,700
Changes in financial assumptions	(19,300)	(2,825,000)	(24,095,000)	(497,000)	(27,436,300)
Changes in demographic assumptions*	(30,100)	(2,545,000)	12,193,000	223,000	9,840,900
Benefits paid	(35,900)	(1,642,000)	(1,501,000)	(25,000)	(3,203,900)
Defined benefit obligation as at 30 June	377,100	45,457,000	143,953,000	2,713,900	192,501,000
* The demographic assumptions used for the 30 June 2021 actuarial estimate are based on the 30 June 2020 LTCR.					
Reconciliation of the fair value of plan assets					
Opening fair value at 1 July	-	-	10,273,000	-	10,273,000
Expected return on plan assets (interest income)	-	-	175,000	-	175,000
Experience actuarial gains/(losses)	-	-	1,725,000	-	1,725,000
Contributions	37,200	1,702,000	1,293,000	26,000	3,058,200
Funded contributions by plan participants	-	-	254,000	-	254,000
Benefits paid	(35,900)	(1,642,000)	(1,501,000)	(25,000)	(3,203,900)
Fair value of plan assets at 30 June	1,300	60,000	12,219,000	1,000	12,281,300
The major categories of plan assets at the end of the reporting period for each category, as follows:					
Australian equities	-	-	3,176,940	-	3,176,940
Overseas equities	-	-	3,054,750	-	3,054,750
Property and infrastructure	-	-	1,344,090	-	1,344,090
Private equity	-	-	1,221,900	-	1,221,900
Cash, debt instruments	-	-	2,077,230	-	2,077,230
Other liabilities	-	-	1,344,090	-	1,344,090
Subtotal	-	-	12,219,000	-	12,219,000

The actual return on plan assets was a gain of \$1,900 million. The fair value of scheme assets relates to investments in the CSC Pooled Superannuation Trust. These are disclosed as level 2 in the fair value hierarchy, where the net market value is derived from observable inputs (other than quoted prices) such as prices or derived from prices.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

FUNDING

This section identifies Defence's funding structure.

5.1: Appropriations

5.1A: Annual appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2021-22

	Annual Appropriation ¹ \$'000	Adjustments to appropriation ² \$'000	Total Appropriation \$'000	Appropriation applied in 2022 (Current and prior years) \$'000	Variance ³ \$'000
DEPARTMENTAL					
Ordinary annual services	29,299,407	1,014,139	30,313,546	31,103,232	(789,686)
Capital budget ⁴	2,795,283	-	2,795,283	2,795,283	-
Other services					
Equity injection	12,747,991	-	12,747,991	12,949,911	(201,920)
Total departmental	44,842,681	1,014,139	45,856,820	46,848,426	(991,606)

¹ Details of quarantined appropriations are as follows:

\$'000

Amounts withheld under section 51 determinations:

Appropriation Act (No.2) 2021-2022 - Equity Injections

81,750

Total Quarantined

81,750

In 2021-22, departmental appropriations of \$81.8 million were withheld (Section 51 of the PGPA Act) in accordance with budget measures taken by the Government.

² Adjustment to appropriations include adjustments to current year annual appropriations including PGPA Section 74 receipts.

³ Reasons for material variances

	Ordinary Annual Service \$'000	Equity \$'000
Unspent departmental annual appropriations 2021-22	219,808	-
Prior year appropriation drawn down	(1,049,854)	(283,670)
Net GST payments made not yet recovered	40,360	-
Appropriation Act (No.2) 2020-2021 withheld under Section 51	-	81,750
Total	(789,686)	(201,920)

The departmental variance relates to the movement in cash and appropriation receivable between the current and prior financial years including drawdowns of prior year appropriation and timing differences between expenses and cash outflows. \$1,049.9 million and \$283.7 million were drawn down from non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year respectively.

⁴ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1.3). 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 2022

5.1: Appropriations (continued)

5.1A: Annual appropriations ('Recoverable GST exclusive') (continued)

Annual Appropriations for 2020-21

	Annual Appropriation ¹ \$'000	Adjustments to appropriation ² \$'000	Total Appropriation \$'000	Appropriation applied in 2021 (Current and prior years) \$'000	Variance ³ \$'000
DEPARTMENTAL					
Ordinary annual services	27,578,533	1,027,561	28,606,094	27,906,534	699,560
Capital Budget ⁴	2,718,949	-	2,718,949	2,691,667	27,282
Other services					
Equity injection	11,671,009	-	11,671,009	10,123,411	1,547,598
Total departmental	41,968,491	1,027,561	42,996,052	40,721,612	2,274,440

¹ Details of quarantined appropriations are as follows:

\$'000

Quarantined appropriations

Amounts withheld under section 51 determinations:

Appropriation Act (No.1) 2020-2021 - Operating	111,754
Appropriation Act (No.1) 2020-2021 - Departmental Capital Budget	27,282
Appropriation Act (No.2) 2020-2021 - Equity Injections	525,258

Total Quarantined

664,294

In 2020-21, departmental appropriations of \$664.3 million were withheld (Section 51 of the PGPA Act).

(a) Approximately \$111.8 million was related to the return of departmental foreign exchange gains under No Win, No Loss arrangements in 2020-21 Appropriation Act 1 - Operating.

(b) Approximately \$27.3 million was related to the return of departmental foreign exchange gains under No Win, No Loss arrangements in 2020-21 Appropriation Act 1 - Departmental Capital Budget.

(c) In 2020-21 Appropriation Act 2 - Equity Injections, approximately \$443.8 million was related to the return of departmental foreign exchange gains under No Win, No Loss arrangements. The remainder of \$81.5 million was withheld in accordance with budget measures taken by the Government.

² Adjustment to appropriations relate to PGPA Section 74 receipts.

³ Reasons for material variances:

	Ordinary Annual Service \$'000	Equity \$'000
Unspent departmental annual appropriations 2020-21	1,039,480	1,047,772
Prior year appropriation drawn down	(528,425)	(25,432)
Net GST payments made not yet recovered	76,750	-
Appropriation Act (No.1) 2020-2021 withheld under Section 51	111,754	27,282
Appropriation Act (No.2) 2020-2021 withheld under Section 51	-	525,258
Total	699,559	1,574,880

The departmental variance relates to the movement in cash and appropriation receivable between the current and prior financial years including drawdowns of prior year appropriation and timing differences between expenses and cash outflows. \$528.4 million and \$25.4 million were drawn down from non-lapsed appropriations to fund operating and capital expenditure incurred in the current financial year respectively. Consequently, this has resulted in an increase in the balance of unspent departmental annual appropriation in 2020-21.

⁴ Capital Budgets are appropriated through Appropriation Acts (No.1,3). 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 2022

	2022	2021
5.1B: Unspent annual appropriations ('Recoverable GST exclusive')	\$'000	\$'000
DEPARTMENTAL		
Operating		
Appropriation Act (No. 3) 2021-22 ¹	505,692	-
Appropriation Act (No. 1) 2020-21 ²	242,914	1,342,167
Appropriation Act (No. 3) 2020-21	-	236,485
Total Operating	748,606	1,578,652
Equity		
Appropriation Act (No. 2) 2021-22 ²	81,750	-
Appropriation Act (No. 1) 2020-21 - Departmental Capital Budget ²	27,282	27,282
Appropriation Act (No. 2) 2020-21 ²	1,289,360	1,573,030
Total Equity	1,398,392	1,600,312
Total unspent annual appropriations³	2,146,998	3,178,964

Notes

¹ Includes unspent amounts held within cash and cash equivalents of \$316.918 million.

² Unspent annual appropriations have been formally reduced by the Department of Finance.

³ The unspent annual appropriations are \$2,146.998 million, allocated as follows:

^{a)} \$1,641.306 million has been formally reduced by Department of Finance; and

^{b)} \$505.692 million of unspent annual appropriations (including cash and cash equivalents) available to Defence.

Department of Defence
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the period ended 30 June 2022

5.1: Appropriations (continued)

5.1C: Special appropriations ('Recoverable GST exclusive')

Authority	Nature	Type	Purpose	Appropriation Applied	
				2022 \$'000	2021 \$'000
Defence Force Retirement Benefits Act 1948 ¹	Administered	Unlimited Amount	To provide Retirement Benefits for Members of the Defence Force who enlisted before 1 October 1972, and for other purposes.	35,475	37,245
Defence Force Retirement and Death Benefits Act 1973 ¹	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.	1,684,993	1,687,042
Military Superannuation and Benefits Act 1991 ¹	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.	1,603,210	1,395,468
Military Superannuation and Benefits Act 1991	Administered	Unlimited Amount	To make provision for and in relation to retention benefits for ADF personnel.	1,470	35,528
Defence Force (Home Loans Assistance) Act 1990 ²	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. To refund amount to Bank in certain circumstances as stipulated in Schedule 1 - Subclause 8.4 of the agreement between the Commonwealth and the Bank.	88	127
Defence Home Ownership Assistance Scheme Act 2008	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.	91,848	104,884
Australian Defence Force Cover Act 2015 ¹	Administered	Unlimited Amount	To make provision for benefits for incapacity or death suffered by certain members of the Australian Defence Force, and for related purposes.	49,499	25,575
Total				3,466,583	3,285,669

¹ Commonwealth Superannuation Corporation draw funds from the CRF on behalf of Defence.

² While s.38(b) contains a limit as to the refund amounts to Bank in certain circumstances, the special appropriation as a whole, is classified as 'Unlimited' in nature according to the Chart of Special Appropriations 30 June 2022 published by the Department of Finance.

Note

Defence is responsible for the following additional Special Appropriations. No payments have been made from these Special Appropriations for this financial year.

The following pension related Special Appropriations are administered, for unlimited amounts during a limited period of time, or to effect transitional arrangements or machinery of government changes. No payment has been made from the following special appropriations in the past four years or longer.

- Defence Forces Retirement Benefits (Pension Increases) Act 1961
- Defence Forces Retirement Benefits (Pension Increases) Act 1967
- Defence Forces Retirement Benefits (Pension Increases) Act 1971
- Defence Forces Retirement Benefits (Pension Increases) Act 1973
- Defence Force Retirement and Death Benefits (Pension Increases) Act 1974
- Defence Force Retirement and Death Benefits (Pension Increases) Act 1976
- Public Governance, Performance and Accountability Act 2013
- War Gratuity Act 1945

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

5.2: Special Accounts

	Defence Endowments, Bequests and Other Trust Money Special Account ³	
	2022 \$'000	2021 \$'000
Balance brought forward from previous period	264,018	161,305
Increases ¹ :	338,276	274,352
Available for payments	602,294	435,657
Decreases:		
Administered		
Total Administered	(283,521)	(171,639)
Total Decreases ¹	(283,521)	(171,639)
Total balance to be carried forward to next period	318,773	264,018
Balance represented by:		
Cash held in entity bank accounts	-	-
Cash held in the Official Public Account ²	318,773	264,018

¹ The movement in the balances of the Special Account mainly relates to the Australia Singapore Military Training Initiative (ASMTI) agreement.

² This balance excludes amounts relating to net GST of \$40.3 million.

³ The 2021 balances have been restated to adjust for a prior period error:

- *Balance brought forward from previous period* increased from \$153.1 million to \$161.3 million (\$8.2 million increase).
- *Increases* in balance in 2021 has increased from \$249.7 million to \$274.4 million (\$24.7 million increase).
- *Available for payments balance* has increased from \$402.7 million to \$435.7 million (\$33.0 million increase).
- *Decreases* in balance in 2021 has increased from \$157.5 million to \$171.6 million (\$14.1 million increase).
- *Total balance carried forward to next period* increased from \$245.3 million to \$264.0 million (\$18.7 million increase).

Notes

1. Appropriation: Public Governance, Performance and Accountability (PGPA) Act 2013 section 78.

- Establishing Instrument: PGPA Act Determination (Defence Endowments, Bequests and Other Trust Moneys Special Account 2019).
- Purpose: This account was created to:
 - (a) disburse amounts held on trust or otherwise for the benefit of persons other than the Commonwealth;
 - (b) carry out activities consistent with the Fedorczenko Trust;
 - (c) undertake activities approved by the Young Endeavour Youth Program Board of Management, or the Commonwealth, in relation to the STS Young Endeavour;
 - (d) to disburse an amount in connection with services performed for or on behalf of any entities or bodies other than non-corporate Commonwealth entities;
 - (e) to disburse an amount in connection with services performed for, on behalf of, or together with, another government, or in connection with an agreement between the Commonwealth and another government;
 - (f) to credit an amount to the ASD account;
 - (g) to repay an amount where a court order, Act or other law requires or permits the repayment of an amount received;
 - (h) to carry out activities that are incidental to one or more of the purposes of the special account, including costs of administering the special account; and
 - (i) to reduce the balance of the special account (and, therefore, the available appropriation for the special account) without making a real or notional payment.
- This special account was established on 15 July 2019 and replaces Defence's existing special accounts which were repealed under section 78(3) of the PGPA Act. The opening balance is equal to the sum of the amounts standing to the credit of Defence's existing special accounts immediately prior to 15 July 2019.
- This account is non-interest bearing.

2. Money held in trust:

This Special Account contains monetary assets held in trust. Further details are disclosed in Note 8.1 Assets Held in Trust.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

	Notes	2022	2021
5.3: Net Cash Appropriation Arrangements		\$'000	\$'000
Defence Net Cash Result - surplus / (deficit)¹		(535,114)	271,068
Less: Items included in Total comprehensive (loss)/income			
<i>Not included in Net Cash:</i>			
Depreciation and amortisation ²	3.2A	(5,770,444)	(5,981,350)
Inventory consumption ²	1.1B	(940,663)	(904,521)
Net write-down and net impairment of assets ^{2,3}		(2,858,660)	(928,566)
Plus: Items included in Net Cash but not included in Total comprehensive (Loss)/Income			
<i>Not included in Net Cash:</i>			
Repayment of lease liabilities funded through revenue appropriations		204,362	301,137
Net Capital (surplus) / deficit ⁴		(1,391,607)	(626,662)
(Deficit)/Surplus attributable to the Australian Government		(11,292,126)	(7,868,894)
Plus: Other comprehensive income/(loss)			
<i>Items not subject to subsequent reclassification to net cost of services:</i>			
Changes in asset revaluation reserves	3.2A	5,255,741	(793,092)
Total comprehensive (loss)/income attributable to the Australian Government		(6,036,385)	(8,661,986)

¹ From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses of non-corporate Commonwealth entities and selected corporate Commonwealth entities were replaced with a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when capital expenditure is to be recognised. Defence has adopted Net cash funding arrangements from 2020-21 and the move aligns Defence's funding and reporting with other Commonwealth agencies.

Historically, Defence has reported appropriation revenues equal to total budgeted expenses that included funding for cash and non-cash based expenses, with the remaining funding provided as an equity appropriation for the purchase of major assets under the Capability Acquisition Program. The new net cash funding presentation provides a clearer line of sight between appropriation funding from Government and planned expenditure. The operating loss is reported as the operating revenue does not include the cost of depreciation, inventory consumption and write-downs. Instead, these items are fully funded via capital appropriations captured in the Statement of Changes in Equity. The budgeted and actual operating loss is a direct result of, amongst other factors, the above-mentioned changes to the presentation.

² Under the net cash appropriation framework, Defence receives an operating appropriation to meet budgeted expenses (including repayment of lease liabilities and excluding asset depreciation, consumption and impairment) and equity appropriations to fund capital and inventory additions. Defence presents the information in a consistent format that corresponds to relevant tables in the Portfolio Budget Statements 2021-22 and the Portfolio Additional Estimates Statements 2021-22.

³ Net write-down and net impairment of assets comprises of impairment loss allowance on financial instruments, write-down and impairment of assets and reversals of previous asset write-downs and impairments.

⁴ Net Capital (surplus) / deficit is the difference between total capital funding and total capital expenditure. Capital funding comprises a departmental capital budget (DCB) for the purchase of minor assets and Defence inventory, and a capital appropriation (equity appropriation) for the purchase of major assets. Capital expenditure includes asset and inventory additions as the outlay against capital funding.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

PEOPLE AND RELATIONSHIPS

This section describes our relationship with key people.

6.1: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Defence, directly or indirectly. The key management personnel of Defence are considered to be the:

- i. Minister for Defence;
- ii. Minister for Defence Industry;
- iii. Minister for Veterans and Defence Personnel;
- iv. Assistant Defence Minister;
- v. Secretary, Department of Defence;
- vi. Chief of the Defence Force (CDF);
- vii. Vice Chief of the Defence Force;
- viii. Associate Secretary, Department of Defence;
- ix. Chief of Navy;
- x. Chief of Army;
- xi. Chief of Air Force;
- xii. Chief of Joint Operations;
- xiii. Chief of Joint Capabilities;
- xiv. Chief Finance Officer (CFO);
- xv. Deputy Secretary Strategic Policy and Industry
- xvi. Deputy Secretary Capability Acquisition and Sustainment;
- xvii. Chief Information Officer (CIO);
- xviii. Chief Defence Scientist;
- xix. Deputy Secretary Security and Estate;
- xx. Deputy Secretary Defence People;
- xxi. Deputy Secretary National Naval Shipbuilding;
- xxii. Chief of Defence Intelligence; and
- xxiii. Chief Nuclear Powered Submarine Task Force¹

Key management personnel remuneration is reported in the table below.

	2022 \$	2021 \$
Short-term employee benefits ²	10,274,262	9,960,177
Post-employment benefits	1,970,179	2,035,177
Long-term benefits	225,185	213,928
Total key management personnel remuneration expenses³	12,469,626	12,209,282

Notes

¹ The Chief Nuclear Powered Submarine Task Force was a newly created position during the year.

² The above key management personnel remuneration excludes the remuneration and other benefits of the Minister for Defence, Minister for Defence Industry, Minister for Veterans and Defence Personnel and Assistant Defence Minister. The remuneration and other benefits of these Ministers are not paid by the Department of Defence.

³ The total number of key management personnel that are included in the above table is 23 (2020-21: 24). Acting KMP are included in this figure three (2020-21: four).

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

6.2: Related Party Disclosures

Related party relationships:

The Department of Defence (Defence) is an Australian Government controlled entity. Related parties to Defence are:

- i) Key Management Personnel (as detailed in Note 6.1);
- ii) Spouse or domestic partner (also known as de facto partner) of a KMP;
- iii) Children or dependents of a KMP or their spouse or domestic partner;
- iv) Entities, individually or jointly, controlled by the above individuals;
- v) Cabinet Ministers; and
- vi) Other Australian Government Entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

No transactions with related parties requiring disclosure occurred during the financial year (2020-21: Nil).

Significant transactions with related parties can include:

- i) the payments of grants or loans;
- ii) purchases of goods and services;
- iii) asset purchases, sales transfers or leases;
- iv) debts forgiven; and
- v) guarantees.

Department of Defence has entered into transactions during the reporting period with related parties, such as the Australian War Memorial. These transactions, including the gifting of assets, occurred during the course of the department delivering on its objectives. These amounts are not material or significant to warrant separate disclosure.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Contingent Assets				
Balance from previous period	-	-	-	-
New	-	-	-	-
Re-measurement	40,035	6,000	40,035	6,000
Assets realised	-	(6,000)	-	(6,000)
Rights expired	-	-	-	-
Total contingent assets	40,035	-	40,035	-
Contingent Liabilities				
Balance from previous period	45,844	65,400	45,844	65,400
New	-	35,700	-	35,700
Re-measurement	(6,218)	(51,659)	(6,218)	(51,659)
Liabilities realised	(1,966)	(597)	(1,966)	(597)
Obligations expired	(6,320)	(3,000)	(6,320)	(3,000)
Total Contingent liabilities	31,340	45,844	31,340	45,844
Net contingent assets (liabilities)	8,695	(45,844)	8,695	(45,844)

Quantifiable Contingencies

Contingent Assets

At 30 June 2022, there are 2 instances (2020-21: nil) of non-remote, quantifiable contingent assets in respect of claims by Defence valued at \$40.0 million (2020-21: nil).

Contingent Liabilities

At 30 June 2022, there are 38 (2020-21: 13) instances of non-remote, quantifiable contingent liabilities in respect of claims on Defence valued at \$31.3 million (2020-21: \$45.8 million). 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. Defence is defending the claims or is trying to resolve them by recourse to alternative dispute resolution measures.

Unquantifiable Contingencies

Contingent Assets

At 30 June 2022 Defence had 2 (2020-21: nil) instances of unquantifiable non-remote contingent assets.

Contingent Liabilities

At 30 June 2022 Defence had 21 (2020-21: 5) instances of unquantifiable non-remote contingent liabilities.

Land decontamination, site restoration and decommissioning of Defence assets: Defence has made a 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 are 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 have eventuated in relation to these claims.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

7.1: Contingent Liabilities and Assets (continued)

Quantifiable Remote Contingencies

Remote Contingent Assets

At 30 June 2022 Defence had 2 (2020-21: 1) instances of quantifiable remote contingent assets valued at \$0.8 million (2020-21: \$0.7 million).

Remote Contingent Liabilities

At 30 June 2022 Defence had 157 (2020-21: 183) instances of quantifiable remote contingent liabilities valued at \$3,712.2 million (2020-21: \$5,043.8 million). This balance relates to an Indemnity Register, which Defence maintains and records all potential quantifiable and unquantifiable contingent liabilities arising from Defence's legal and contractual obligations.

Unquantifiable Remote Contingencies

Remote Contingent Assets

At 30 June 2022, Defence had 10 instances of unquantifiable remote contingent assets (2020-21: 8).

Remote Contingent Liabilities

At 30 June 2022, Defence had 1,553 instances of unquantifiable remote contingent liabilities (2020-21: 1,546).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are disclosed in the relevant 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.

7.1B: Administered contingent liabilities and contingent assets

Quantifiable Contingencies

There are no quantifiable contingencies (assets and liabilities) to report in the current or prior year.

Unquantifiable Contingencies

There are no unquantifiable contingencies (assets and liabilities) to report in the current or prior year.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
7.2: Financial Instruments			
7.2A: Categories of financial instruments			
Financial assets at amortised cost			
Cash and cash equivalents	3.1A	316,916	285,883
Loans and receivables:			
Trade and other receivables		997,805	455,606
Total financial assets at amortised cost		1,314,721	741,489
Carrying amount of financial assets		1,314,721	741,489
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Suppliers	3.3A	4,611,582	4,665,311
Employee payables	3.3B	290,659	188,407
Other payables		393,680	219,557
Total financial liabilities at amortised cost		5,295,921	5,073,275
Carrying amount of financial liabilities		5,295,921	5,073,275

Accounting Policy

Financial Assets

Defence classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- financial assets measured at amortised cost.

The classification depends on both Defence's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when Defence becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

(a) Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

- the financial asset is held in order to collect the contractual cash flows; and
- the cash flows are solely payments of principal and interest on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

(b) Financial Assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

(c) 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.

(d) Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

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 loss is measured using the simplified approach of the expected credit loss model at an amount equal to lifetime expected credit losses. 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 2022

7.2: Financial Instruments (continued)

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 recognised and derecognised upon trade date.

(a) Financial Liabilities at Amortised Cost

Financial liabilities at amortised cost, 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 an effective interest basis.

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).

(b) 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.

	2022	2021
	\$'000	\$'000
7.2B: Net gains or losses on financial assets		
Financial assets at amortised cost		
Exchange (loss)/gain	(2,444)	(4,670)
Impairment (loss)/reversal	(677)	(4,660)
Net (loss)/gain on financial assets at amortised cost	(3,121)	(9,330)
Net (loss)/gain on financial assets	(3,121)	(9,330)

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

Financial liabilities measured at amortised cost

Exchange gain/(loss)	(9,174)	36,228
Interest expense	(104,999)	(109,217)
Net (loss)/gain on financial liabilities measured at amortised cost	(114,173)	(72,989)
Net (loss)/gain on financial liabilities	(114,173)	(72,989)

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

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.

	Notes	2022 \$'000	2021 \$'000
7.3A: Categories of financial instruments			
Financial assets at amortised cost			
Cash and cash equivalents	4.1A	357,357	277,147
Loans and receivables:			
Trade and other receivables	4.1B	155,331	81,491
Total financial assets at amortised cost		512,688	358,638
Financial assets at fair value through other comprehensive income (investments in equity instruments)			
Investment - Defence Housing Australia	4.1C	3,000,591	2,643,333
Investment - Small Portfolio bodies	4.1C	125,334	88,437
Total financial assets at fair value through other comprehensive income (investments in equity instruments)		3,125,925	2,731,770
Carrying amount of financial assets		3,638,613	3,090,408
Financial Liabilities			
Financial liabilities measured at amortised cost:			
Other payables	4.3A	3,524	539
Special accounts	4.3A	308,360	277,148
Total financial liabilities measured at amortised cost		311,884	277,687
Carrying amount of financial liabilities		311,884	277,687
7.3B: Net gains or losses on financial assets			
Financial assets at amortised cost			
Interest revenue	2.2B	-	4,305
Impairment (loss)/reversal	2.1C	(10)	(4,834)
Net gains on financial assets at amortised cost		(10)	(529)
Investments in equity instruments at fair value through other comprehensive income (designated)			
Dividend revenue	2.2C	78,194	47,130
Net gains on investments in equity instruments at fair value through other comprehensive income (designated)		78,194	47,130
Net gain on financial assets		78,184	46,601

The net interest income from financial assets not at fair value through net cost of service is nil (2020-21: nil).

7.3C: Net gains or losses on financial liabilities

There was no net gain/(loss) from financial liabilities.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

7.4: Fair Value Measurements

The following disclosures provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply to the fair value hierarchy.

The different levels of the fair value are detailed below:

- Level 1: Quote prices (unadjusted) in the active market 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 an asset or liability.

Accounting Policy

In estimating the fair value of an asset or a liability, Defence uses market-observable data to the extent it is available. For level 2 and 3 inputs, Defence engages third party qualified 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 *Fair Value Measurement*.

Defence 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.

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.

		Fair value measurements at the end of the reporting period	
		2022	2021
		\$'000	\$'000
7.4A: Fair Value Measurements			
Non-financial assets			
Land and Buildings	3.2A	22,355,173	20,784,034
Specialist military equipment	3.2A	80,958,195	74,517,501
Infrastructure	3.2A	7,347,018	7,168,467
Plant and equipment	3.2A	1,640,638	1,555,343
Heritage and cultural	3.2A	430,768	464,510
Assets held for sale ¹	3.2D	160,606	238,351
Total Non-financial assets		112,892,398	104,728,206
Assets not measured at fair value in the statement of financial position²			
Financial assets			
Cash and cash equivalents	3.1A	316,916	285,883
Trade and other receivables	3.1B	1,578,645	3,064,343
Non-financial assets			
Inventories	3.2B	7,887,168	7,823,272
Intangibles	3.2A	2,103,775	1,261,150
Prepayments	3.2C	2,546,916	1,744,349
Total assets not measured at fair value in the statement of financial position		14,433,420	14,178,997

¹ Assets held for sale are measured at fair value in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

² These items carrying amounts equate to their approximate fair values.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

		2022 \$'000	2021 \$'000
7.4: Fair Value Measurements (continued)			
Liabilities not measured at fair value in the statement of financial position¹			
Payables			
Suppliers	3.3A	4,611,582	4,665,311
Employee payables	3.3B	290,659	188,407
Other payables	3.3C	393,680	437,456
Interest bearing liabilities			
Finance lease payables	3.4A	2,929,655	2,909,311
Provisions			
Employee provisions	3.5A	3,121,325	3,283,258
Restoration, decontamination and decommissioning	3.5B	1,009,049	1,144,029
Other provisions	3.5C	284,175	296,562
Total liabilities not measured at fair value in the statement of financial position		12,640,125	12,924,334

¹ These items carrying amounts equate to their approximate fair values.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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7.5: Administered - Fair Value Measurements

		Fair value measurements at the end of the reporting period	
		2022 \$'000	2021 \$'000
7.5A: Administered Fair value measurements			
Financial assets			
Administered Investment	4.1C	3,125,925	2,731,770
Total Financial Assets		3,125,925	2,731,770
Assets not measured at fair value in the statement of financial position¹			
Cash and cash equivalents	4.1A	357,357	277,148
Trade and other receivables	4.1B	155,331	81,491
Prepayments	4.2A	110,487	186,415
Total assets not measured at fair value in the statement of financial position		623,175	545,054
Liabilities not measured at fair value in the statement of financial position¹			
Other payables	4.3A	311,884	277,687
Employee provisions	4.4A	140,774,100	180,219,700
Total liabilities not measured at fair value in the statement of financial position		141,085,984	180,497,387

¹ These carrying amounts for these items equate to their approximate fair values.

Accounting Policy

Administered investments are valued using the net assets valuation approach.

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

OTHER INFORMATION

8.1: Assets Held in Trust

	2022 \$'000	2021 \$'000
Young Endeavour Youth Program Public Fund (Trust)		
As at 30 June 2022, monetary assets held in trust were also disclosed in Note 5.2 Special Accounts in the table titled "Defence Endowments, Bequests and Other Trust Moneys Special Account".		
<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	1,564	1,563
Other receipts	1	1
Total credits	1,565	1,564
Payment made to suppliers	-	-
Total debits	-	-
Total amount held at the end of the reporting period	1,565	1,564
Peter Mitchell Trust Fund (Trust)		
As at 30 June 2022, monetary assets held in trust were also disclosed in Note 5.2 Special Accounts in the table titled "Defence Endowments, Bequests and Other Trust Moneys Special Account".		
<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	3
Other receipts	-	-
Total credits	3	3
Payment made to suppliers	-	0
Total debits	-	0
Total amount held at the end of the reporting period	3	3
Fedorczenko Legacy Fund Special Account (Trust)		
As at 30 June 2022, monetary assets held in trust were also disclosed in Note 5.2 Special Accounts in the table titled "Defence Endowments, Bequests and Other Trust Moneys Special Account".		
<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	166	165
Other receipts	-	1
Total credits	166	166
Payment made to suppliers	-	-
Total debits	-	-
Total amount held at the end of the reporting period	166	166

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

8.2: Current/non-current distinction for assets and liabilities

8.2A: Current/non-current distinction for assets and liabilities

	2022 \$'000	2021 \$'000
Assets expected to be recovered in		
No more than 12 months		
Cash and cash equivalents	316,916	285,883
Trade and other receivables	1,525,826	2,833,014
Assets held for sale	160,606	238,351
Inventories	1,547,934	1,264,520
Prepayments	1,868,025	1,499,873
Total no more than 12 months	5,419,307	6,121,641
More than 12 months		
Trade and other receivables	52,819	231,329
Land and buildings	22,355,173	20,784,034
Specialist military equipment	80,958,195	74,517,501
Infrastructure	7,347,018	7,168,467
Plant and equipment	1,640,638	1,555,343
Heritage and cultural assets	430,768	464,510
Intangibles	2,103,775	1,261,150
Inventories	6,339,234	6,558,752
Prepayments	678,891	244,476
Total more than 12 months	121,906,511	112,785,562
Total assets	127,325,818	118,907,203
Liabilities expected to be settled in		
No more than 12 months		
Suppliers payables	4,096,776	4,165,184
Employee payables	290,659	188,407
Other payables	241,562	274,348
Finance leases	65,755	274,375
Employee provisions	1,327,158	992,309
Restoration, decontamination and decommissioning	37,355	98,920
Other provisions	114,919	71,136
Total no more than 12 months	6,174,184	6,064,679
More than 12 months		
Suppliers payables	514,806	500,127
Other payables	152,118	163,108
Finance leases	2,863,900	2,634,936
Employee provisions	1,794,167	2,290,949
Restoration, decontamination and decommissioning	971,694	1,045,109
Other provisions	169,256	225,426
Total more than 12 months	6,465,941	6,859,655
Total liabilities	12,640,125	12,924,334

Department of Defence

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

8.2: Current/non-current distinction for assets and liabilities (continued)

8.2B: Administered - Current/non-current distinction for assets and liabilities

	2022	2021
	\$'000	\$'000
Assets expected to be recovered in		
No more than 12 months		
Cash and cash equivalents	357,357	277,148
Trade and other receivables	155,331	81,491
Prepayments	7,277	11,406
Total no more than 12 months	519,965	370,045
More than 12 months		
Equity accounted investments	3,125,925	2,731,770
Prepayments	103,210	175,009
Total more than 12 months	3,229,135	2,906,779
Total assets	3,749,100	3,276,824
Liabilities expected to be settled in		
No more than 12 months		
Other payables	311,884	277,687
Employee provisions	3,511,000	3,072,000
Total no more than 12 months	3,822,884	3,349,687
More than 12 months		
Employee provisions	137,263,100	177,147,700
Total more than 12 months	137,263,100	177,147,700
Total liabilities	141,085,984	180,497,387

Space Command



Air Vice-Marshal Cath Roberts AM CSC (centre) alongside Defence Space Command representatives, inside the Electro Optic Systems control room at Mount Stromlo Observatory, Canberra. CREDIT: Leading Aircraftman Adam Abela

For the first time in an official capacity, Defence Space Command brought together members of the Navy, Army, Air Force, and the Australian Public Service under an integrated headquarters reporting to the Chief of Air Force.

Officially established on 18 January 2022, the Defence Space Command will act as the advocate for space-specific priorities across whole-of-government, industry, and our international partners in line with the rapidly changing strategic environment. Under the leadership and command of the inaugural Defence Space Commander, Air Vice-Marshal Cath Roberts AO CSC, Defence aims to become a contributor to the space domain, rather than a consumer. •

“The opportunity that we have to shape Space Command – from the ground to the stars – is phenomenal. Together we will reach for the stars to protect Australia – our freedom, our values and our way of life.”

Air Vice-Marshal Cath Roberts AO CSC



Appendix B: Expenses by outcomes

Table B.1: Total funded expenditure of Defence outcomes and programs, 2021–22

	2021–22 Estimated actuals ¹ \$'000	2021–22 Actual result \$'000	Variation \$'000	Variation %
Outcome 1: Defend Australia and its national interests through the conduct of operations and provision of support for the Australian community and civilian authorities in accordance with Government direction.				
Program 1.1 Operations contributing to the security of the immediate neighbourhood				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	–	1,366	1,366	100%
Suppliers	35	33,821	33,786	>500%
Net losses from sale of assets	–	–	–	0%
Other expenses	–	–	–	0%
Total expenses funded by appropriation and own source revenue (A)	35	35,187	35,152	>500%
Expenses not requiring appropriation				
Depreciation and amortisation	–	–	–	0%
Inventory consumption	–	–	–	0%
Net write-down and net impairment of assets	–	–	–	0%
Total expenses not requiring appropriation (B)	–	–	–	0%
Total operating expenses (A) + (B) = (C)	–	35,187	35,187	100%
Purchases of non-financial assets	–	–	–	0%
Purchases of inventory	–	–	–	0%
Principal repayments of lease liabilities	–	–	–	0%
Total capital expenditure (D)	–	–	–	0%
Total funded expenditure for Program 1.1 (A+D)	35	35,187	35,152	>500%
Program 1.2 Operations supporting wider interests				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	8,275	22,502	14,227	172%
Suppliers	185,476	199,424	13,948	8%
Net losses from sale of assets	–	–	–	0%
Other expenses	–	–	–	0%
Total expenses funded by appropriation and own source revenue (A)	193,751	221,926	28,175	15%
Expenses not requiring appropriation				
Depreciation and amortisation	–	–	–	0%
Inventory consumption	–	805	805	100%
Net write-down and net impairment of assets	–	–	–	0%
Total expenses not requiring appropriation (B)	–	805	805	100%
Total operating expenses (A) + (B) = (C)	193,751	222,731	28,980	15%
Purchases of non-financial assets	–	–	–	0%
Purchases of inventory	5,433	1,745	(3,688)	(68%)
Principal repayments of lease liabilities	–	–	–	0%
Total capital expenditure (D)	5,433	1,745	(3,688)	(68%)
Total funded expenditure for Program 1.2 (A+D)	199,184	223,671	24,487	12%

(Table B.1 continued)

	2021-22 Estimated actuals ¹ \$'000	2021-22 Actual result \$'000	Variation \$'000	Variation %
Program 1.3 Defence contribution to national support tasks in Australia				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	164,921	47,953	(116,968)	(71%)
Suppliers	147,927	159,140	11,213	8%
Net losses from sale of assets	–	–	–	0%
Other expenses	–	3	3	100%
Total expenses funded by appropriation and own source revenue (A)	312,848	207,096	(105,752)	(34%)
Expenses not requiring appropriation				
Depreciation and amortisation	–	–	–	0%
Inventory consumption	–	8	8	100%
Net write-down and net impairment of assets	–	–	–	0%
Total expenses not requiring appropriation (B)	–	8	8	100%
Total operating expenses (A) + (B) = (C)	312,848	207,103	(105,745)	(34%)
Purchases of non-financial assets	–	–	–	0%
Purchases of inventory	4,264	4,068	(196)	(5%)
Principal repayments of lease liabilities	–	–	–	0%
Total capital expenditure (D)	4,264	4,068	(196)	(5%)
Total funded expenditure for Program 1.3 (A+D)	317,112	211,164	(105,948)	(33%)
Total funded expenditure for Outcome 1	516,331	470,022	(46,309)	(9%)
Outcome 2: Protect and advance Australia's strategic interests through the provision of strategic policy, the development, delivery and sustainment of military, intelligence and enabling capabilities, and the promotion of regional and global security and stability as directed by Government.				
Program 2.1 Strategy, Policy and Industry				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	73,436	71,443	(1,993)	(3%)
Suppliers	384,212	603,297	219,085	57%
Net losses from sale of assets	–	–	–	0%
Other expenses	55,609	82,105	26,496	48%
Total expenses funded by appropriation and own source revenue (A)	513,257	756,845	243,588	47%
Expenses not requiring appropriation				
Depreciation and amortisation	33,169	9,375	(23,794)	(72%)
Inventory consumption	–	29	29	100%
Net write-down and net impairment of assets	480	17	(463)	(96%)
Total expenses not requiring appropriation (B)	33,649	9,421	(24,228)	(72%)
Total operating expenses (A) + (B) = (C)	546,906	766,267	219,361	40%
Purchases of non-financial assets	241,874	489	(241,385)	(100%)
Purchases of inventory	–	1,581	1,581	100%
Principal repayments of lease liabilities	6,185	–	(6,185)	(100%)
Total capital expenditure (D)	248,059	2,070	(245,989)	(99%)
Total funded expenditure for Program 2.1 (A+D)	761,316	758,915	(2,401)	(0%)

(Table B.1 continued)

	2021-22 Estimated actuals¹ \$'000	2021-22 Actual result \$'000	Variation \$'000	Variation %
Program 2.2 Defence Executive Support				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	76,805	80,830	4,025	5%
Suppliers	301,690	228,094	(73,596)	(24%)
Net losses from sale of assets	–	–	–	0%
Other Expenses	3,383	3,023	(360)	(11%)
Total expenses funded by appropriation and own source revenue (A)	381,878	311,947	(69,931)	(18%)
Expenses not requiring appropriation				
Depreciation and amortisation	9,191	3,698	(5,493)	(60%)
Inventory consumption	–	–	–	100%
Net write-down and net impairment of assets²	9,039	(44,615)	(53,654)	> (500%)
Total expenses not requiring appropriation (B)	18,230	(40,916)	(59,146)	(324%)
Total operating expenses (A) + (B) = (C)	400,108	271,031	(129,077)	(32%)
Purchases of non-financial assets	257,369	228,974	(28,395)	(11%)
Purchases of inventory	–	–	–	0%
Principal repayments of lease liabilities	9	–	(9)	(100%)
Total capital expenditure (D)	257,378	228,974	(28,404)	(11%)
Total funded expenditure for Program 2.2 (A+D)	639,256	540,921	(98,335)	(15%)
Program 2.3 Defence Finance				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees³	90,566	(127,632)	(218,198)	(241%)
Suppliers	89,990	82,384	(7,606)	(8%)
Net losses from sale of assets	–	–	–	0%
Other expenses	3,562	1,334	(2,228)	(63%)
Total expenses funded by appropriation and own source revenue (A)	184,118	(43,914)	(228,032)	(124%)
Expenses not requiring appropriation				
Depreciation and amortisation	–	–	–	0%
Inventory consumption	–	–	–	100%
Net write-down and net impairment of assets²	–	(5,661)	(5,661)	100%
Total expenses not requiring appropriation (B)	–	(5,661)	(5,661)	100%
Total operating expenses (A) + (B) = (C)	184,118	(49,575)	(233,693)	(127%)
Purchases of non-financial assets	–	–	–	0%
Purchases of inventory	–	–	–	0%
Principal repayments of lease liabilities	67	–	(67)	(100%)
Total capital expenditure (D)	67	–	(67)	(100%)
Total funded expenditure for Program 2.3 (A+D)	184,185	(43,914)	(228,099)	(124%)

(Table B.1 continued)

	2021–22 Estimated actuals ¹ \$'000	2021–22 Actual result \$'000	Variation \$'000	Variation %
Program 2.4 Joint Capabilities				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	646,373	681,616	35,243	5%
Suppliers	1,102,740	1,295,591	192,851	17%
Net losses from sale of assets	–	–	–	0%
Other expenses	1	17	16	>500%
Total expenses funded by appropriation and own source revenue (A)	1,749,114	1,977,224	228,110	13%
Expenses not requiring appropriation				
Depreciation and amortisation	20,949	22,367	1,418	7%
Inventory consumption	31,209	83,198	51,989	167%
Net write-down and net impairment of assets	278,572	630,946	352,374	126%
Total expenses not requiring appropriation (B)	330,730	736,510	405,780	123%
Total operating expenses (A) + (B) = (C)	2,079,844	2,713,734	633,890	30%
Purchases of non-financial assets	450,174	485,995	35,821	8%
Purchases of inventory	19,295	11,594	(7,701)	(40%)
Principal repayments of lease liabilities	21	–	(21)	(100%)
Total capital expenditure (D)	469,490	497,589	28,099	6%
Total funded expenditure for Program 2.4 (A+D)	2,218,604	2,474,813	256,209	12%
Program 2.5 Navy Capabilities				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	2,448,192	2,561,816	113,624	5%
Suppliers	3,331,890	3,885,120	553,230	17%
Net losses from sale of assets	–	–	–	0%
Other expenses	7,308	12,597	5,289	72%
Total expenses funded by appropriation and own source revenue (A)	5,787,390	6,459,534	672,144	12%
Expenses not requiring appropriation				
Depreciation and amortisation	1,546,263	1,411,009	(135,254)	(9%)
Inventory consumption	311,111	174,201	(136,910)	(44%)
Net write-down and net impairment of assets	80,825	2,079,695	1,998,870	> 500%
Total expenses not requiring appropriation (B)	1,938,199	3,664,906	1,726,707	89%
Total operating expenses (A) + (B) = (C)	7,725,589	10,124,439	2,398,850	31%
Purchases of non-financial assets	2,829,733	2,563,861	(265,872)	(9%)
Purchases of inventory	617,346	501,928	(115,418)	(19%)
Principal repayments of lease liabilities	24,475	10,033	(14,442)	(59%)
Total capital expenditure (D)	3,471,554	3,075,822	(395,732)	(11%)
Total funded expenditure for Program 2.5 (A+D)	9,258,944	9,535,355	276,411	3%

(Table B.1 continued)

	2021-22 Estimated actuals¹ \$'000	2021-22 Actual result \$'000	Variation \$'000	Variation %
Program 2.6 Army Capabilities				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	4,430,447	4,303,305	(127,142)	(3%)
Suppliers	2,031,166	2,263,176	232,010	11%
Net losses from sale of assets	–	–	–	0%
Other expenses	109	575	466	428%
Total expenses funded by appropriation and own source revenue (A)	6,461,722	6,567,055	105,333	2%
Expenses not requiring appropriation				
Depreciation and amortisation	1,273,747	1,080,137	(193,610)	(15%)
Inventory consumption	357,884	337,391	(20,493)	(6%)
Net write-down and net impairment of assets	72,032	2,282	(69,750)	(97%)
Total expenses not requiring appropriation (B)	1,703,663	1,419,810	(283,853)	(17%)
Total operating expenses (A) + (B) = (C)	8,165,385	7,986,865	(178,520)	(2%)
Purchases of non-financial assets	2,704,891	2,399,598	(305,293)	(11%)
Purchases of inventory	736,367	715,453	(20,914)	(3%)
Principal repayments of lease liabilities	2,338	–	(2,338)	(100%)
Total capital expenditure (D)	3,443,596	3,115,051	(328,545)	(10%)
Total funded expenditure for Program 2.6 (A+D)	9,905,318	9,682,107	(223,211)	(2%)
Program 2.7 Air Force Capabilities				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	2,447,493	2,434,381	(13,112)	(1%)
Suppliers	2,785,527	3,289,361	503,834	18%
Net losses from sale of assets	–	–	–	0%
Other expenses	2,541	5,535	2,994	118%
Total expenses funded by appropriation and own source revenue (A)	5,235,561	5,729,277	493,716	9%
Expenses not requiring appropriation				
Depreciation and amortisation	1,581,809	1,461,845	(119,964)	(8%)
Inventory consumption	279,893	340,563	60,670	22%
Net write-down and net impairment of assets	97,040	5,141	(91,899)	(95%)
Total expenses not requiring appropriation (B)	1,958,742	1,807,550	(151,192)	(8%)
Total operating expenses (A) + (B) = (C)	7,194,303	7,536,827	342,524	5%
Purchases of non-financial assets	3,944,267	3,467,477	(476,790)	(12%)
Purchases of inventory	533,436	521,529	(11,907)	(2%)
Principal repayments of lease liabilities	28,986	–	(28,986)	(100%)
Total capital expenditure (D)	4,506,689	3,989,006	(517,683)	(11%)
Total funded expenditure for Program 2.7 (A+D)	9,742,250	9,718,283	(23,967)	(0%)

(Table B.1 continued)

	2021–22 Estimated actuals ¹ \$'000	2021–22 Actual result \$'000	Variation \$'000	Variation %
Program 2.8 Australian Defence Force Headquarters				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	28,094	26,510	(1,584)	(6%)
Suppliers	153,948	232,711	78,763	51%
Net losses from sale of assets	–	–	–	0%
Other expenses	17	18	1	4%
Total expenses funded by appropriation and own source revenue (A)	182,059	259,239	77,180	42%
Expenses not requiring appropriation				
Depreciation and amortisation	2,175	8,382	6,207	285%
Inventory consumption	–	–	–	100%
Net write-down and net impairment of assets	534	33	(501)	(94%)
Total expenses not requiring appropriation (B)	2,709	8,414	5,705	211%
Total operating expenses (A) + (B) = (C)	184,768	267,653	82,885	45%
Purchases of non-financial assets	94,268	975	(93,293)	(99%)
Purchases of inventory	–	11	11	100%
Principal repayments of lease liabilities	422	–	(422)	(100%)
Total capital expenditure (D)	94,690	985	(93,705)	(99%)
Total funded expenditure for Program 2.8 (A+D)	276,749	260,224	(16,525)	(6%)
Program 2.9 Capability Acquisition and Sustainment				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	497,193	458,000	(39,193)	(8%)
Suppliers	468,224	461,465	(6,759)	(1%)
Net losses from sale of assets	–	–	–	0%
Other expenses	1	25	24	> 500%
Total expenses funded by appropriation and own source revenue (A)	965,418	919,489	(45,929)	(5%)
Expenses not requiring appropriation				
Depreciation and amortisation	248	534	286	115%
Inventory consumption	–	–	–	0%
Net write-down and net impairment of assets	468	16	(452)	(97%)
Total expenses not requiring appropriation (B)	716	550	(166)	(23%)
Total operating expenses (A) + (B) = (C)	966,134	920,039	(46,095)	(5%)
Purchases of non-financial assets	9,384	2,403	(6,981)	(74%)
Purchases of inventory	–	132	132	100%
Principal repayments of lease liabilities	12	–	(12)	(100%)
Total capital expenditure (D)	9,396	2,535	(6,861)	(73%)
Total funded expenditure for Program 2.9 (A+D)	974,814	922,025	(52,789)	(5%)

(Table B.1 continued)

	2021-22 Estimated actuals¹ \$'000	2021-22 Actual result \$'000	Variation \$'000	Variation %
Program 2.10 Estate and Infrastructure				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	1,176,710	1,012,622	(164,088)	(14%)
Suppliers	3,278,583	4,253,040	974,457	30%
Net losses from sale of assets	–	–	–	0%
Other expenses	93,282	275,804	182,522	196%
Total expenses funded by appropriation and own source revenue (A)	4,548,575	5,541,466	992,891	22%
Expenses not requiring appropriation				
Depreciation and amortisation	1,332,750	1,461,863	129,113	10%
Inventory consumption	–	4,381	4,381	100%
Net write-down and net impairment of assets	22,600	82,169	59,569	264%
Total expenses not requiring appropriation (B)	1,355,350	1,548,413	193,063	14%
Total operating expenses (A) + (B) = (C)	5,903,925	7,089,879	1,185,954	20%
Purchases of non-financial assets	1,798,204	1,551,956	(246,248)	(14%)
Purchases of inventory	–	–	–	100%
Principal repayments of lease liabilities	172,478	194,329	21,851	13%
Total capital expenditure (D)	1,970,682	1,746,285	(224,397)	(11%)
Total funded expenditure for Program 2.10 (A+D)	6,519,257	7,287,751	768,494	12%
Program 2.11 Chief Information Officer				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	110,969	106,832	(4,137)	(4%)
Suppliers	1,428,237	1,725,112	296,875	21%
Net losses from sale of assets	–	–	–	0%
Other expenses	22	–	(22)	(100%)
Total expenses funded by appropriation and own source revenue (A)	1,539,228	1,831,944	292,716	19%
Expenses not requiring appropriation				
Depreciation and amortisation	267,423	261,365	(6,058)	(2%)
Inventory consumption	–	–	–	100%
Net write-down and net impairment of assets	30,682	104,388	73,706	240%
Total expenses not requiring appropriation (B)	298,105	365,753	67,648	23%
Total operating expenses (A) + (B) = (C)	1,837,333	2,197,697	360,364	20%
Purchases of non-financial assets	94,175	65,028	(29,147)	(31%)
Purchases of inventory	–	–	–	0%
Principal repayments of lease liabilities	1,831	–	(1,831)	(100%)
Total capital expenditure (D)	96,006	65,028	(30,978)	(32%)
Total funded expenditure for Program 2.11 (A+D)	1,635,234	1,896,972	261,738	16%

(Table B.1 continued)

	2021–22 Estimated actuals ¹ \$'000	2021–22 Actual result \$'000	Variation \$'000	Variation %
Program 2.12 Defence People				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	184,818	166,476	(18,342)	(10%)
Suppliers	382,535	384,308	1,773	0%
Net losses from sale of assets	–	–	–	0%
Other expenses	6,059	4,641	(1,418)	(23%)
Total expenses funded by appropriation and own source revenue (A)	573,412	555,424	(17,988)	(3%)
Expenses not requiring appropriation				
Depreciation and amortisation	13,324	10,987	(2,337)	(18%)
Inventory consumption	–	4	4	100%
Net write-down and net impairment of assets	26	110	84	323%
Total expenses not requiring appropriation (B)	13,350	11,101	(2,249)	(17%)
Total operating expenses (A) + (B) = (C)	586,762	566,525	(20,237)	(3%)
Purchases of non-financial assets	1,169	–	(1,169)	(100%)
Purchases of inventory	–	–	–	0%
Principal repayments of lease liabilities	10,671	–	(10,671)	(100%)
Total capital expenditure (D)	11,840	–	(11,840)	(100%)
Total funded expenditure for Program 2.12 (A+D)	585,252	555,424	(29,828)	(5%)
Program 2.13 Defence Science and Technology				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	309,329	302,274	(7,055)	(2%)
Suppliers	259,629	384,307	124,678	48%
Net losses from sale of assets	–	–	–	0%
Other expenses	12,578	15,427	2,849	23%
Total expenses funded by appropriation and own source revenue (A)	581,536	702,008	120,472	21%
Expenses not requiring appropriation				
Depreciation and amortisation	2,814	20,732	17,918	637%
Inventory consumption	143	85	(58)	(41%)
Net write-down and net impairment of assets ²	3,272	(1,115)	(4,387)	(134%)
Total expenses not requiring appropriation (B)	6,229	19,702	13,473	216%
Total operating expenses (A) + (B) = (C)	587,765	721,710	133,945	23%
Purchases of non-financial assets	98,354	70,765	(27,589)	(28%)
Purchases of inventory	144	–	(144)	(100%)
Principal repayments of lease liabilities	145	–	(145)	(100%)
Total capital expenditure (D)	98,643	70,765	(27,878)	(28%)
Total funded expenditure for Program 2.13 (A+D)	680,179	772,773	92,594	14%

(Table B.1 continued)

	2021-22 Estimated actuals¹ \$'000	2021-22 Actual result \$'000	Variation \$'000	Variation %
Program 2.14 Defence Intelligence				
Net cash expenditure				
Expenses funded by appropriation and own source revenue				
Employees	110,646	100,316	(10,330)	(9%)
Suppliers	510,930	342,194	(168,736)	(33%)
Net losses from sale of assets	–	–	–	0%
Other expenses	3	12	9	309%
Total expenses funded by appropriation and own source revenue (A)	621,579	442,522	(179,057)	(29%)
Expenses not requiring appropriation				
Depreciation and amortisation	12,836	18,148	5,312	41%
Inventory consumption	–	–	–	0%
Net write-down and net impairment of assets	9,410	5,255	(4,155)	(44%)
Total expenses not requiring appropriation (B)	22,246	23,403	1,157	5%
Total operating expenses (A) + (B) = (C)	643,825	465,925	(177,900)	(28%)
Purchases of non-financial assets	618,375	742,740	124,365	20%
Purchases of inventory	–	16	16	100%
Principal repayments of lease liabilities	76	–	(76)	(100%)
Total capital expenditure (D)	618,451	742,756	124,305	20%
Total funded expenditure for Program 2.14 (A+D)	1,240,031	1,185,278	(54,753)	(4%)
Program 2.15 Defence Force Superannuation Benefits and Program 2.16 Defence Force Superannuation Nominal Interest				
Expenses				
Net foreign exchange losses	–	–	–	0%
Military retention benefits	66,929	77,398	10,469	16%
Military superannuation	–	–	–	0%
– Benefits	6,297,000	6,402,000	105,000	2%
– Interest	4,091,096	4,089,700	(1,396)	(0%)
Total expenses	10,455,025	10,569,098	114,073	1%
Expenses not requiring appropriation	7,444,525	6,933,298	(511,227)	(7%)
Income				
Revenues				
– Interest	–	–	–	0%
– Net foreign exchange gains	–	–	–	0%
– Military superannuation contribution	1,115,962	1,225,257	109,295	10%
Total income	1,115,962	1,225,257	109,295	10%
Total Programs 2.15 and 2.16	9,339,063	9,343,841	4,778	0%

(Table B.1 continued)

	2021–22 Estimated actuals ¹ \$'000	2021–22 Actual result \$'000	Variation \$'000	Variation %
Program 2.17 Housing Assistance				
Expenses				
Net foreign exchange losses	–	–	–	0%
Housing subsidies	125,590	94,918	(30,672)	(24%)
Total expenses	125,590	94,918	(30,672)	(24%)
Income				
Revenues				
– Interest	–	–	–	0%
– Net foreign exchange gains	–	–	–	0%
– Dividends	–	–	–	0%
– License fees	17,444	17,761	317	2%
Total income	17,444	17,761	317	2%
Total Program 2.17	108,146	77,157	(30,989)	(29%)
Program 2.18 Other Administered				
Expenses				
Impairment on trade and other receivables	–	10	10	100%
Suppliers	–	–	–	0%
Total expenses	–	10	10	100%
Income				
Revenues				
– Interest	–	–	–	0%
– Dividends	47,043	78,194	31,151	66%
– Other	44,231	36,938	(7,293)	(16%)
Total income	91,274	115,132	23,858	26%
Total Program 2.18	(91,274)	(115,122)	(23,848)	26%
Departmental total for Outcome 2	44,621,389	45,546,929	925,540	2%
Administered total for Outcome 2	4,360,770	5,088,877	728,107	17%
Total funded expenditure/resources	48,982,159	50,635,806	1,653,647	3%

Notes:

1. As published in the *Portfolio Budget Statements 2022–23*.
2. Defence is in a net write-down and impairment of assets position. However, the position of this individual program is a net write-on of assets position. As such, the 2021–22 actual result is a negative value.
3. The negative result in Employees is driven by the whole-of-department annual and long service leave actuarial adjustments that Defence Finance manage centrally on behalf of the Groups and Services (including Air Force, Army and Navy). The Employee Expenses for Program 2.3 (Defence Finance) is approximately \$66.5 million excluding the whole-of-department actuarial adjustments.

Appendix C: Additional workforce tables

Table C.1: All ongoing Australian Public Service employees by location, 2021–22

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
NSW	1,201	18	1,219	881	141	1,022	2	–	2	2,243
QLD	585	7	592	512	50	562	2	–	2	1,156
SA	1,368	32	1,400	496	71	567	3	1	4	1,971
TAS	26	1	27	29	7	36	1	–	1	64
VIC ¹	1,866	31	1,897	1,047	129	1,176	2	–	2	3,075
WA	270	4	274	182	20	202	1	–	1	477
ACT ²	3,194	88	3,282	3,588	445	4,033	10	–	10	7,325
NT	82	1	83	113	4	117	–	–	–	200
External Territories	–	–	–	–	–	–	–	–	–	–
Overseas	73	–	73	53	–	53	–	–	–	126
Total	8,665	182	8,847	6,901	867	7,768	21	1	22	16,637

Notes:

Figures in this table show headcount, based on actual location. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in Part-time positions.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).

Table C.2: All ongoing Australian Public Service employees by location, 2020–21

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
NSW	1,292	20	1,312	877	153	1,030	1	–	1	2,343
QLD	612	9	621	516	60	576	–	–	–	1,197
SA	1,399	30	1,429	476	68	544	1	1	2	1,975
TAS	23	2	25	31	6	37	–	–	–	62
VIC ¹	1,935	41	1,976	1,093	141	1,234	1	–	1	3,211
WA	266	2	268	174	21	195	–	–	–	463
ACT ²	3,263	84	3,347	3,454	462	3,916	6	–	6	7,269
NT	86	2	88	113	3	116	–	–	–	204
External Territories	–	–	–	–	–	–	–	–	–	–
Overseas	78	–	78	48	1	49	–	–	–	127
Total	8,954	190	9,144	6,782	915	7,697	9	1	10	16,851

Notes:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in Part-time positions. Some figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).

Table C.3: All non-ongoing Australian Public Service employees by location, 2021–22

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
NSW	4	–	4	7	3	10	–	–	–	14
QLD	8	–	8	10	–	10	–	–	–	18
SA	8	17	25	10	2	12	1	–	1	38
TAS	–	–	–	–	–	–	–	–	–	–
VIC ¹	44	6	50	20	3	23	–	–	–	73
WA	–	–	–	8	2	10	–	–	–	10
ACT ²	42	7	49	64	18	82	1	1	2	133
NT	2	–	2	2	–	2	–	–	–	4
External Territories	–	–	–	–	–	–	–	–	–	–
Overseas	–	–	–	–	–	–	–	–	–	–
Total	108	30	138	121	28	149	2	1	3	290

Notes:

Figures in this table show headcount, based on actual location. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in Part-time positions.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).

Table C.4: All non-ongoing Australian Public Service employees by location, 2020–21

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
NSW	4	1	5	7	2	9	–	–	–	14
QLD	8	–	8	13	–	13	1	–	1	22
SA	12	12	24	15	–	15	–	–	–	39
TAS	–	–	–	–	–	–	–	–	–	–
VIC ¹	27	1	28	23	3	26	–	–	–	54
WA	1	–	1	2	–	2	–	–	–	3
ACT ²	40	4	44	46	12	58	2	2	4	106
NT	–	–	–	3	–	3	–	–	–	3
External Territories	–	–	–	–	–	–	–	–	–	–
Overseas	–	–	–	–	–	–	–	–	–	–
Total	92	18	110	109	17	126	3	2	5	241

Notes:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in Part-time positions. Some figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).

Table C.5: Australian Public Service Act ongoing employees, 2021–22

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
Secretary	1	–	1	–	–	–	–	–	–	1
SES 3	3	–	3	3	–	3	–	–	–	6
SES 2	27	–	27	17	–	17	–	–	–	44
SES 1	47	1	48	67	1	68	–	–	–	116
EL 2	1,189	17	1,206	580	34	614	1	–	1	1,821
EL 1	2,160	42	2,202	1,441	165	1,606	3	1	4	3,812
APS 6	2,631	58	2,689	1,923	279	2,202	2	–	2	4,893
APS 5	1,175	29	1,204	1,172	132	1,304	9	–	9	2,517
APS 4	618	10	628	864	105	969	5	–	5	1,602
APS 3	373	9	382	542	109	651	1	–	1	1,034
APS 2	328	7	335	237	33	270	–	–	–	605
APS 1	113	9	122	55	9	64	–	–	–	186
Other	–	–	–	–	–	–	–	–	–	–
Total	8,665	182	8,847	6,901	867	7,768	21	1	22	16,637

Note:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in Part-time positions.

Table C.6: Australian Public Service Act ongoing employees, 2020–21

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
Secretary	1	–	1	–	–	–	–	–	–	1
SES 3	5	–	5	3	–	3	–	–	–	8
SES 2	28	–	28	14	–	14	–	–	–	42
SES 1	49	1	50	55	1	56	–	–	–	106
EL 2	1,151	19	1,170	505	27	532	–	–	–	1,702
EL 1	2,133	39	2,172	1,299	173	1,472	1	1	2	3,646
APS 6	2,789	57	2,846	1,886	304	2,190	–	–	–	5,036
APS 5	1,285	28	1,313	1,197	123	1,320	3	–	3	2,636
APS 4	698	20	718	878	112	990	2	–	2	1,710
APS 3	418	14	432	639	130	769	–	–	–	1,201
APS 2	291	5	296	245	38	283	2	–	2	581
APS 1	106	7	113	61	7	68	1	–	1	182
Other	–	–	–	–	–	–	–	–	–	–
Total	8,954	190	9,144	6,782	915	7,697	9	1	10	16,851

Note:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in Part-time positions. Some figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.

Table C.7: Australian Public Service Act non-ongoing employees, 2021–22

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
Secretary	–	–	–	–	–	–	–	–	–	–
SES 3	2	–	2	–	–	–	–	–	–	2
SES 2	1	–	1	–	–	–	–	–	–	1
SES 1	1	–	1	–	–	–	–	–	–	1
EL 2	8	9	17	5	2	7	–	–	–	24
EL 1	9	9	18	17	3	20	–	–	–	38
APS 6	12	–	12	13	8	21	–	1	1	34
APS 5	14	3	17	27	4	31	1	–	1	49
APS 4	11	2	13	27	5	32	1	–	1	46
APS 3	7	3	10	15	1	16	–	–	–	26
APS 2	28	4	32	9	5	14	–	–	–	46
APS 1	15	–	15	8	–	8	–	–	–	23
Other	–	–	–	–	–	–	–	–	–	–
Total	108	30	138	121	28	149	2	1	3	290

Note:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in Part-time positions.

Table C.8: Australian Public Service Act non-ongoing employees, 2020–21

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total male	Full-time	Part-time	Total female	Full-time	Part-time	Total indeterminate	
Secretary	–	–	–	–	–	–	–	–	–	–
SES 3	2	–	2	–	–	–	–	–	–	2
SES 2	2	–	2	–	–	–	–	–	–	2
SES 1	1	–	1	–	–	–	–	–	–	1
EL 2	6	9	15	4	1	5	–	1	1	21
EL 1	7	5	12	10	3	13	–	–	–	25
APS 6	12	2	14	13	3	16	1	–	1	31
APS 5	7	–	7	11	3	14	1	–	1	22
APS 4	9	1	10	30	3	33	1	1	2	45
APS 3	17	1	18	23	3	26	–	–	–	44
APS 2	5	–	5	9	1	10	–	–	–	15
APS 1	24	–	24	9	–	9	–	–	–	33
Other	–	–	–	–	–	–	–	–	–	–
Total	92	18	110	109	17	126	3	2	5	241

Note:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in Part-time positions. Some figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.

Table C.9: Australian Public Service Act employees by full-time and part-time status, 2021–22

	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total ongoing	Full-time	Part-time	Total non-ongoing	
Secretary	1	–	1	–	–	–	1
SES 3	6	–	6	2	–	2	8
SES 2	44	–	44	1	–	1	45
SES 1	114	2	116	1	–	1	117
EL 2	1,770	51	1,821	13	11	24	1,845
EL 1	3,604	208	3,812	26	12	38	3,850
APS 6	4,556	337	4,893	25	9	34	4,927
APS 5	2,356	161	2,517	42	7	49	2,566
APS 4	1,487	115	1,602	39	7	46	1,648
APS 3	916	118	1,034	22	4	26	1,060
APS 2	565	40	605	37	9	46	651
APS 1	168	18	186	23	–	23	209
Other	–	–	–	–	–	–	–
Total	15,587	1,050	16,637	231	59	290	16,927

Note:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in Part-time positions.

Table C.10: Australian Public Service Act employees by full-time and part-time status, 2020–21

	Ongoing			Non-ongoing			Total
	Full-time	Part-time	Total ongoing	Full-time	Part-time	Total non-ongoing	
Secretary	1	–	1	–	–	–	1
SES 3	8	–	8	2	–	2	10
SES 2	42	–	42	2	–	2	44
SES 1	104	2	106	1	–	1	107
EL 2	1,656	46	1,702	10	11	21	1,723
EL 1	3,433	213	3,646	17	8	25	3,671
APS 6	4,675	361	5,036	26	5	31	5,067
APS 5	2,485	151	2,636	19	3	22	2,658
APS 4	1,578	132	1,710	40	5	45	1,755
APS 3	1,057	144	1,201	40	4	44	1,245
APS 2	538	43	581	14	1	15	596
APS 1	168	14	182	33	–	33	215
Other	–	–	–	–	–	–	–
Total	15,745	1,106	16,851	204	37	241	17,092

Note:

Figures in this table show substantive headcount numbers. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in Part-time positions. Some figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.

Table C.11: Permanent Australian Defence Force members by location, 2021–22

	Male				Female				Indeterminate				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
NSW	5,200	4,530	3,273	13,003	1,387	718	1,055	3,160	3	1	–	4	6,590	5,249	4,328	16,167
QLD	556	9,697	2,477	12,730	230	1,751	961	2,942	–	–	–	–	786	11,448	3,438	15,672
SA	147	1,640	1,552	3,339	22	214	454	690	–	–	1	1	169	1,854	2,007	4,030
TAS	13	42	9	64	3	8	4	15	–	–	–	–	16	50	13	79
VIC¹	1,158	2,564	860	4,582	417	464	269	1,150	–	–	–	–	1,575	3,028	1,129	5,732
WA	2,249	769	232	3,250	612	109	80	801	1	1	–	2	2,862	879	312	4,053
ACT²	1,401	2,375	1,591	5,367	651	585	774	2,010	1	–	1	2	2,053	2,960	2,366	7,379
NT	513	2,231	709	3,453	169	418	232	819	–	1	–	1	682	2,650	941	4,273
Overseas³	201	246	265	712	23	23	54	100	–	–	–	–	224	269	319	812
Total	11,438	24,094	10,968	46,500	3,514	4,290	3,883	11,687	5	3	2	10	14,957	28,387	14,853	58,197

Notes: Figures are for permanent members (Service Categories 7 and 6) and do not include Reserves, (Service Categories 5, 4 and 3), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G). Figures in this table are based on substantive location for the ADF.

- Victorian figures include individuals located in Albury (New South Wales).
- Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
- Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table C.12: Permanent Australian Defence Force members by location, 2020–21

	Male				Female				Indeterminate				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
NSW	5,205	4,701	3,328	13,234	1,419	724	1,049	3,192	2	1	–	3	6,626	5,426	4,377	16,429
QLD	584	10,162	2,545	13,291	219	1,910	888	3,017	–	–	–	–	803	12,072	3,433	16,308
SA	97	1,614	1,544	3,255	23	172	437	632	–	–	1	1	120	1,786	1,982	3,888
TAS	16	38	8	62	2	12	3	17	–	–	–	–	18	50	11	79
VIC¹	1,424	2,695	889	5,008	425	502	310	1,237	–	1	–	1	1,849	3,198	1,199	6,246
WA	2,315	780	243	3,338	596	100	72	768	1	–	–	1	2,912	880	315	4,107
ACT²	1,376	2,465	1,594	5,435	617	604	728	1,949	1	–	–	1	1,994	3,069	2,322	7,385
NT	544	2,294	682	3,520	199	416	256	871	–	1	–	1	743	2,711	938	4,392
Overseas³	202	239	258	699	20	17	49	86	–	–	–	–	222	256	307	785
Total	11,763	24,988	11,091	47,842	3,520	4,457	3,792	11,769	4	3	1	8	15,287	29,448	14,884	59,619

Notes: Figures are for permanent members (Service Categories 7 and 6) and do not include Reserves, (Service Categories 5, 4, 3 and 2), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G). Some 30 June 2021 figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* to account for retrospective transactions. Figures in this table are based on substantive location for the ADF.

- Victorian figures include individuals located in Albury (New South Wales) .
- Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
- Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table C.13: Reserve members by location, 2021–22

	Male				Female				Indeterminate				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
NSW	1,075	4,907	1,393	7,375	287	812	374	1,473	-	-	-	-	1,362	5,719	1,767	8,848
QLD	406	4,495	1,169	6,070	115	956	372	1,443	-	-	-	-	521	5,451	1,541	7,513
SA	76	1,255	624	1,955	26	270	163	459	-	-	-	-	102	1,525	787	2,414
TAS	58	427	33	518	14	81	14	109	-	-	-	-	72	508	47	627
VIC ¹	247	3,031	344	3,622	89	480	86	655	-	1	-	1	336	3,512	430	4,278
WA	330	1,754	185	2,269	74	347	51	472	-	-	-	-	404	2,101	236	2,741
ACT ²	994	989	847	2,830	335	226	266	827	-	-	-	-	1,329	1,215	1,113	3,657
NT	79	586	86	751	21	121	25	167	-	-	-	-	100	707	111	918
Overseas ³	3	4	-	7	-	-	-	-	-	-	-	-	3	4	-	7
Total	3,268	17,448	4,681	25,397	961	3,293	1,351	5,605	-	1	-	1	4,229	20,742	6,032	31,003

Notes: Figures in this table are headcount. Reserves include all members who render Reserve Service in Service Categories 5, 4 and 3, and Reserves undertaking continuous full-time service (Service Option C). Figures do not include ADF Gap Year participants (Service Option G). Figures in this table are based on substantive location for the ADF. This does not include members in Service Category 2, who do not render service.

- 1. Victorian figures include individuals located in Albury (New South Wales).
- 2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
- 3. Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table C.14: Reserve members by location, 2020–21

	Male				Female				Indeterminate				Total			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
NSW	954	4,788	1,241	6,983	247	778	315	1,340	-	-	-	-	1,201	5,566	1,556	8,323
QLD	402	4,276	1,069	5,747	102	867	329	1,298	-	-	-	-	504	5,143	1,398	7,045
SA	83	1,362	547	1,992	24	286	143	453	-	-	-	-	107	1,648	690	2,445
TAS	69	422	34	525	19	87	16	122	-	-	-	-	88	509	50	647
VIC ¹	248	2,991	328	3,567	95	471	71	637	-	-	-	-	343	3,462	399	4,204
WA	282	1,703	180	2,165	82	314	49	445	-	-	-	-	364	2,017	229	2,610
ACT ²	925	890	890	2,705	304	196	282	782	-	-	-	-	1,229	1,086	1,172	3,487
NT	63	556	83	702	18	117	27	162	-	-	-	-	81	673	110	864
Overseas ³	4	5	-	9	-	-	-	-	-	-	-	-	4	5	-	9
Total	3,030	16,993	4,372	24,395	891	3,116	1,232	5,239	-	-	-	-	3,921	20,109	5,604	29,634

Notes: Figures in this table are headcount. Reserves include all members who render Reserve Service in Service Categories 5, 4 and 3, and Reserves undertaking continuous full-time service (Service Option C). Figures do not include ADF Gap Year participants (Service Option G). Some 30 June 2021 figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* to account for retrospective transactions. Figures in this table are based on substantive location for the ADF. This does not include members in Service Category 2, who do not render service.

- 1. Victorian figures include individuals located in Albury (New South Wales).
- 2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
- 3. Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table C.15: Australian Defence Force permanent members, 2021–22

	Male			Female			Indeterminate			Total						
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF				
Officer																
General (E)	–	1	–	1	–	–	–	–	–	–	–	–	1			
Lieutenant General (E)	3	4	1	8	–	–	–	–	–	–	3	4	1	8		
Major General (E)	9	19	12	40	3	4	2	9	–	–	12	23	14	49		
Brigadier (E)	39	52	33	124	4	6	13	23	–	–	43	58	46	147		
Colonel (E)	155	160	147	462	33	33	28	94	–	–	188	193	175	556		
Lieutenant Colonel (E)	415	627	414	1,456	106	108	122	336	1	–	522	735	536	1,793		
Major (E)	678	1,554	881	3,113	214	274	267	755	–	–	892	1,828	1,148	3,868		
Captain (E)	957	1,483	1,516	3,956	306	332	465	1,103	1	–	1,264	1,815	1,981	5,060		
Lieutenant (E)	358	855	523	1,736	126	292	259	677	–	1	2	484	1,148	783	2,415	
2nd Lieutenant (E)	92	1	361	454	28	–	127	155	–	–	120	1	488	609		
Officer Cadet (E)	398	503	299	1,200	170	122	138	430	1	–	1	2	569	625	438	1,632
Officer total	3,104	5,259	4,187	12,550	990	1,171	1,421	3,582	3	1	2	6	4,097	6,431	5,610	16,138
Other ranks																
Regimental Sergeant Major (E)	–	1	–	1	1	–	1	2	–	–	–	–	1	1	1	3
Warrant Officer Class 1 (E)	233	646	447	1,326	31	67	76	174	–	–	–	–	264	713	523	1,500
Warrant Officer Class 2 (E)	893	1,665	662	3,220	126	179	129	434	–	–	–	–	1,019	1,844	791	3,654
Staff Sergeant (E)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sergeant (E)	1,248	1,988	1,191	4,427	285	274	253	812	–	1	–	1	1,533	2,263	1,444	5,240
Corporal (E)	1,926	3,428	1,649	7,003	620	663	474	1,757	–	1	–	1	2,546	4,092	2,123	8,761
Lance Corporal (E)	–	1,213	–	1,213	–	196	–	196	–	–	–	–	–	1,409	–	1,409
Private Proficient (E)	2,610	6,399	1,746	10,755	959	1,100	1,006	3,065	1	–	–	1	3,570	7,499	2,752	13,821
Private (E)	674	1,506	473	2,653	262	287	257	806	–	–	–	–	936	1,793	730	3,459
Private Trainee (E)	620	1,362	482	2,464	199	247	213	659	1	–	–	1	820	1,609	695	3,124
Recruit (E)	130	627	131	888	41	106	53	200	–	–	–	–	171	733	184	1,088
Other ranks total	8,334	18,835	6,781	33,950	2,524	3,119	2,462	8,105	2	2	–	4	10,860	21,956	9,243	42,059
Total ADF	11,438	24,094	10,968	46,500	3,514	4,290	3,883	11,687	5	3	2	10	14,957	28,387	14,853	58,197

Note:

Figures in this table are headcount for permanent members (Service Categories 7 and 6) and do not include Reserves (Service Categories 5, 4, 3 and 2). Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).

Table C.16: Australian Defence Force permanent members, 2020–21

	Male			Female			Indeterminate			Total						
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF				
Officer																
General (E)	–	1	–	1	–	–	–	–	–	–	1	–	1			
Lieutenant General (E)	4	4	1	9	–	–	–	–	–	4	4	1	9			
Major General (E)	8	16	8	32	3	5	2	10	–	11	21	10	42			
Brigadier (E)	41	52	36	129	4	9	8	21	–	45	61	44	150			
Colonel (E)	144	160	139	443	29	32	25	86	–	173	192	164	529			
Lieutenant Colonel (E)	413	625	432	1,470	108	113	113	334	1	522	738	545	1,805			
Major (E)	692	1,604	879	3,175	204	269	276	749	–	896	1,873	1,155	3,924			
Captain (E)	934	1,518	1,519	3,971	294	331	470	1,095	1	1,229	1,849	1,989	5,067			
Lieutenant (E)	322	833	548	1,703	94	300	236	630	–	416	1,134	785	2,335			
2nd Lieutenant (E)	60	1	352	413	19	–	116	135	–	79	1	468	548			
Officer Cadet (E)	411	550	282	1,243	177	131	138	446	–	588	681	420	1,689			
Officer total	3,029	5,364	4,196	12,589	932	1,190	1,384	3,506	2	1	1	4	3,963	6,555	5,581	16,099
Other ranks																
Regimental Sergeant Major (E)	–	1	–	1	1	–	1	2	–	–	–	1	1	1	3	
Warrant Officer Class 1 (E)	230	637	462	1,329	26	71	71	168	–	–	–	256	708	533	1,497	
Warrant Officer Class 2 (E)	919	1,721	669	3,309	133	183	125	441	–	–	–	1,052	1,904	794	3,750	
Staff Sergeant (E)	–	2	–	2	–	–	–	–	–	–	–	–	2	–	2	
Sergeant (E)	1,323	2,057	1,242	4,622	282	273	261	816	–	1	1	1,605	2,331	1,503	5,439	
Corporal (E)	2,059	3,594	1,738	7,391	585	632	473	1,690	–	1	–	2,644	4,227	2,211	9,082	
Lance Corporal (E)	–	1,291	–	1,291	–	201	–	201	–	–	–	–	1,492	–	1,492	
Private Proficient (E)	2,517	6,632	1,798	10,947	990	1,158	928	3,076	1	–	–	3,508	7,790	2,726	14,024	
Private (E)	824	1,750	380	2,954	286	359	278	923	–	–	–	1,110	2,109	658	3,877	
Private Trainee (E)	685	1,384	426	2,495	215	281	198	694	1	–	–	1	1,665	624	3,190	
Recruit (E)	177	555	180	912	70	109	73	252	–	–	–	–	247	664	253	1,164
Other ranks total	8,734	19,624	6,895	35,253	2,588	3,267	2,408	8,263	2	2	–	4	11,324	22,893	9,303	43,520
Total ADF	11,763	24,988	11,091	47,842	3,520	4,457	3,792	11,769	4	3	1	8	15,287	29,448	14,884	59,619

Note: Figures in this table are headcount for permanent members (Service Categories 7 and 6) and do not include Reserves (Service Categories 5, 4, 3 and 2). Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G). Some 30 June 2021 figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.

Table C.17: Australian Defence Force Reserve members, 2021–22

	Male			Female			Indeterminate			Total		
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Officer												
General (E)	–	–	1	1	–	–	–	–	–	–	1	1
Lieutenant General (E)	4	1	3	8	–	–	–	–	–	4	1	3
Major General (E)	23	23	23	69	2	2	2	6	–	25	25	75
Brigadier (E)	59	84	67	210	6	11	8	25	–	65	95	235
Colonel (E)	128	263	158	549	16	32	24	72	–	144	295	621
Lieutenant Colonel (E)	315	559	333	1,207	49	83	68	200	–	364	642	1,407
Major (E)	434	1,249	728	2,411	104	227	172	503	–	538	1,476	2,914
Captain (E)	428	1,164	630	2,222	160	277	262	699	–	588	1,441	2,921
Lieutenant (E)	12	517	30	559	6	211	27	244	–	18	728	57
2nd Lieutenant (E)	1	2	–	3	–	1	–	1	–	1	3	–
Officer Cadet (E)	–	408	–	408	2	77	–	79	–	2	485	–
Officer total	1,404	4,270	1,973	7,647	345	921	563	1,829	–	1,749	5,191	2,536
Other ranks												
Regimental Sergeant Major (E)	–	2	–	2	–	–	–	–	–	–	2	–
Warrant Officer Class 1 (E)	113	467	372	952	8	70	43	121	–	121	537	1,073
Warrant Officer Class 2 (E)	351	668	252	1,271	66	86	56	208	–	417	754	308
Staff Sergeant (E)	–	9	–	9	–	1	–	1	–	–	10	–
Sergeant (E)	335	1,047	425	1,807	127	197	143	467	–	462	1,244	568
Corporal (E)	581	2,211	767	3,559	212	411	227	850	–	793	2,622	994
Lance Corporal (E)	–	1,055	–	1,055	–	129	–	129	–	–	1,184	–
Private Proficient (E)	473	4,902	731	6,106	181	855	251	1,287	–	654	5,757	982
Private (E)	10	1,361	110	1,481	21	306	46	373	–	31	1,667	156
Private Trainee (E)	1	754	24	779	1	183	8	192	–	2	937	32
Recruit (E)	–	702	27	729	–	134	14	148	–	1	837	41
Other ranks total	1,864	13,178	2,708	17,750	616	2,372	788	3,776	–	1	2,480	15,551
Total/ADF	3,268	17,448	4,681	25,397	961	3,293	1,351	5,605	–	1	4,229	6,032

Note:

Figures in this table are headcount. Reserves include all members who render Reserve Service in Service Categories 5, 4 and 3 and Reserves undertaking continuous full-time service (Service Option C). Figures do not include ADF Gap Year participants (Service Option G). This does not include members in Service Category 2, who do not render service.

Table C.18: Australian Defence Force Reserve members, 2020-21

	Male			Female			Indeterminate			Total		
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Officer												
General (E)	-	-	1	1	-	-	-	-	-	-	1	1
Lieutenant General (E)	3	1	4	8	-	-	-	-	-	3	1	4
Major General (E)	20	20	23	63	2	2	2	6	-	22	22	69
Brigadier (E)	54	87	68	209	6	7	7	20	-	60	94	229
Colonel (E)	122	253	166	541	10	30	24	64	-	132	283	605
Lieutenant Colonel (E)	304	523	314	1,141	44	79	63	186	-	348	602	1,327
Major (E)	407	1,177	675	2,259	102	218	149	469	-	509	1,395	2,728
Captain (E)	402	1,059	599	2,080	145	242	247	634	-	547	1,301	2,694
Lieutenant (E)	6	468	28	502	4	202	26	232	-	10	670	54
2nd Lieutenant (E)	1	2	-	3	-	-	1	1	-	1	2	4
Officer Cadet (E)	-	457	-	457	2	83	-	85	-	2	540	-
Officer total	1,319	4,047	1,878	7,244	315	863	519	1,697	-	1,634	4,910	2,397
Other ranks												
Regimental Sergeant Major (E)	-	-	-	-	-	-	-	-	-	-	-	-
Warrant Officer Class 1 (E)	119	444	363	926	6	68	42	116	-	125	512	405
Warrant Officer Class 2 (E)	340	649	237	1,226	56	79	53	188	-	396	728	290
Staff Sergeant (E)	-	13	-	13	-	1	-	1	-	-	14	-
Sergeant (E)	290	1,030	392	1,712	114	183	139	436	-	404	1,213	531
Corporal (E)	501	2,045	674	3,220	208	405	214	827	-	709	2,450	888
Lance Corporal (E)	-	1,078	-	1,078	-	125	-	125	-	-	1,203	-
Private Proficient (E)	454	4,450	674	5,578	175	730	204	1,109	-	629	5,180	878
Private (E)	7	1,841	104	1,952	16	360	42	418	-	23	2,201	146
Private Trainee (E)	-	796	34	830	1	176	11	188	-	1	972	45
Recruit (E)	-	600	16	616	-	126	8	134	-	-	726	24
Other ranks total	1,711	12,946	2,494	17,151	576	2,253	713	3,542	-	2,287	15,199	3,207
Total ADF	3,030	16,993	4,372	24,395	891	3,116	1,232	5,239	-	3,921	20,109	5,604

Note:

Figures in this table are headcount. Reserves include all members who render Reserve Service in Service Categories 5, 4 and 3 and Reserves undertaking continuous full-time service (Service Option C). This does not include members in Service Category 2, who do not render service. Some 30 June 2020 figures have been adjusted from what was reported in the *Defence Annual Report 2019-20* to account for retrospective transactions.

Table C.19: Australian Defence Force permanent and Reserve members, 2021–22

	Permanent ¹				Reserve ²			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Officer								
General (E)	–	1	–	1	–	–	1	1
Lieutenant General (E)	3	4	1	8	4	1	3	8
Major General (E)	12	23	14	49	25	25	25	75
Brigadier (E)	43	58	46	147	65	95	75	235
Colonel (E)	188	193	175	556	144	295	182	621
Lieutenant Colonel (E)	522	735	536	1,793	364	642	401	1,407
Major (E)	892	1,828	1,148	3,868	538	1,476	900	2,914
Captain (E)	1,264	1,815	1,981	5,060	588	1,441	892	2,921
Lieutenant (E)	484	1,148	783	2,415	18	728	57	803
2nd Lieutenant (E)	120	1	488	609	1	3	–	4
Officer Cadet (E)	569	625	438	1,632	2	485	–	487
Officer total	4,097	6,431	5,610	16,138	1,749	5,191	2,536	9,476
Other ranks								
Regimental Sergeant Major (E)	1	1	1	3	–	2	–	2
Warrant Officer Class 1 (E)	264	713	523	1,500	121	537	415	1,073
Warrant Officer Class 2 (E)	1,019	1,844	791	3,654	417	754	308	1,479
Staff Sergeant (E)	–	–	–	–	–	10	–	10
Sergeant (E)	1,533	2,263	1,444	5,240	462	1,244	568	2,274
Corporal (E)	2,546	4,092	2,123	8,761	793	2,622	994	4,409
Lance Corporal (E)	–	1,409	–	1,409	–	1,184	–	1,184
Private Proficient (E)	3,570	7,499	2,752	13,821	654	5,757	982	7,393
Private (E)	936	1,793	730	3,459	31	1,667	156	1,854
Private Trainee (E)	820	1,609	695	3,124	2	937	32	971
Recruit (E)	171	733	184	1,088	–	837	41	878
Other ranks total	10,860	21,956	9,243	42,059	2,480	15,551	3,496	21,527
Total ADF	14,957	28,387	14,853	58,197	4,229	20,742	6,032	31,003

Notes:

- Figures are for permanent members (Service Categories 7 and 6) and do not include Reserves (Service Categories 5, 4, 3 and 2), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
- Reserves include all members rendering service in Service Categories 5, 4 and 3 and Reserves undertaking continuous full-time service (Service Option C). This does not include members in Service Category 2, who do not render service. Figures do not include ADF Gap Year participants (Service Option G).

Table C.20: Australian Defence Force permanent and Reserve members, 2020–21

	Permanent ¹				Reserve ²			
	Navy	Army	Air Force	ADF	Navy	Army	Air Force	ADF
Officer								
General (E)	–	1	–	1	–	–	1	1
Lieutenant General (E)	4	4	1	9	3	1	4	8
Major General (E)	11	21	10	42	22	22	25	69
Brigadier (E)	45	61	44	150	60	94	75	229
Colonel (E)	173	192	164	529	132	283	190	605
Lieutenant Colonel (E)	522	738	545	1,805	348	602	377	1,327
Major (E)	896	1,873	1,155	3,924	509	1,395	824	2,728
Captain (E)	1,229	1,849	1,989	5,067	547	1,301	846	2,694
Lieutenant (E)	416	1,134	785	2,335	10	670	54	734
2nd Lieutenant (E)	79	1	468	548	1	2	1	4
Officer Cadet (E)	588	681	420	1,689	2	540	–	542
Officer total	3,963	6,555	5,581	16,099	1,634	4,910	2,397	8,941
Other ranks								
Regimental Sergeant Major (E)	1	1	1	3	–	–	–	–
Warrant Officer Class 1 (E)	256	708	533	1,497	125	512	405	1,042
Warrant Officer Class 2 (E)	1,052	1,904	794	3,750	396	728	290	1,414
Staff Sergeant (E)	–	2	–	2	–	14	–	14
Sergeant (E)	1,605	2,331	1,503	5,439	404	1,213	531	2,148
Corporal (E)	2,644	4,227	2,211	9,082	709	2,450	888	4,047
Lance Corporal (E)	–	1,492	–	1,492	–	1,203	–	1,203
Private Proficient (E)	3,508	7,790	2,726	14,024	629	5,180	878	6,687
Private (E)	1,110	2,109	658	3,877	23	2,201	146	2,370
Private Trainee (E)	901	1,665	624	3,190	1	972	45	1,018
Recruit (E)	247	664	253	1,164	–	726	24	750
Other ranks total	11,324	22,893	9,303	43,520	2,287	15,199	3,207	20,693
Total ADF	15,287	29,448	14,884	59,619	3,921	20,109	5,604	29,634

Notes:

Some 30 June 2021 figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.

- Figures are for permanent members (Service Categories 7 and 6) and do not include Reserves (Service Categories 5, 4, 3 and 2), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
- Reserves include all members rendering service in Service Categories 5, 4 and 3 and Reserves undertaking continuous full-time service (Service Option C). This does not include members in Service Category 2, who do not render service. Figures do not include ADF Gap Year participants (Service Option G).

Table C.21: Australian Public Service Act employment type by location, 2021–22

	Ongoing	Non-ongoing	Total
NSW	2,243	14	2,257
QLD	1,156	18	1,174
SA	1,971	38	2,009
TAS	64	–	64
VIC ¹	3,075	73	3,148
WA	477	10	487
ACT ²	7,325	133	7,458
NT	200	4	204
External Territories	–	–	–
Overseas	126	–	126
Total	16,637	290	16,927

Notes:

Figures in this table show headcount, based on actual location. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in Part-time positions.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).

Table C.22: Australian Public Service Act employment type by location, 2020–21

	Ongoing	Non-ongoing	Total
NSW	2,343	14	2,357
QLD	1,197	22	1,219
SA	1,975	39	2,014
TAS	62	–	62
VIC ¹	3,211	54	3,265
WA	463	3	466
ACT ²	7,269	106	7,375
NT	204	3	207
External Territories	–	–	–
Overseas	127	–	127
Total	16,851	241	17,092

Notes:

Figures in this table show headcount, based on actual location. Figures include paid and unpaid employees. Part-time employees are those with weekly hours less than the standard hours. It does not relate to employees in Part-time positions. Some 30 June 2021 figures have been adjusted from what was reported in the *Defence Annual Report 2020–21*.

1. Victorian figures include individuals located in Albury (New South Wales).
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).

Table C.23: Australian Defence Force permanent and Reserve members by location, 2021–22

	Permanent ¹	Reserve ²	Total
NSW	16,167	8,848	25,015
QLD	15,672	7,513	23,185
SA	4,030	2,414	6,444
TAS	79	627	706
VIC ³	5,732	4,278	10,010
WA	4,053	2,741	6,794
ACT ⁴	7,379	3,657	11,036
NT	4,273	918	5,191
Overseas ⁵	812	7	819
Total	58,197	31,003	89,200

Notes:

Figures in this table show headcount, based on substantive location.

- Figures are for permanent members (Service Categories 7 and 6) and do not include Reserves (Service Categories 5, 4, 3 and 2), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
- Reserves include all members rendering service in Service Categories 5, 4 and 3 and Reserves undertaking continuous full-time service (Service Option C). This does not include members in Service Category 2, who do not render service.
- Victorian figures include individuals located in Albury (New South Wales).
- Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
- Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table C.24: Australian Defence Force permanent and Reserve members by location, 2020–21

	Permanent ¹	Reserve ²	Total
NSW	16,429	8,323	24,752
QLD	16,308	7,045	23,353
SA	3,888	2,445	6,333
TAS	79	647	726
VIC ³	6,246	4,204	10,450
WA	4,107	2,610	6,717
ACT ⁴	7,385	3,487	10,872
NT	4,392	864	5,256
Overseas ⁵	785	9	794
Total	59,619	29,634	89,253

Notes:

Figures in this table show headcount based on substantive location. Some figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.

- Figures are for permanent members (Service Categories 7 and 6) and do not include Reserves (Service Categories 5, 4 and 3), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
- Reserves include all members rendering service in Service Categories 5, 4 and 3 and Reserves undertaking continuous full-time service (Service Option C). This does not include members in Service Category 2, who do not render service.
- Victorian figures include individuals located in Albury (New South Wales).
- Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
- Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.

Table C.25: Australian Public Service Act Indigenous employment, 2021–22

	Total
Ongoing	368
Non-ongoing	1
Total	369

Note:

Figures in this table show substantive headcount numbers. Data for this table is reliant on self-identification on the Defence human resources system; therefore, the data is likely to under-report actual participation rates

Table C.26: Australian Public Service Act Indigenous employment, 2020–21

	Total
Ongoing	388
Non-ongoing	2
Total	390

Note:

Figures in this table show substantive headcount numbers. Data for this table is reliant on self-identification on the Defence human resources system; therefore, the data is likely to under-report actual participation rates. Some figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.

Table C.27: Australian Defence Force Indigenous members, 2021–22

	Navy	Army	Air Force	ADF
Permanent ¹	536	1,047	432	2,015
Reserves ²	73	750	88	911
Total	609	1,797	520	2,926

Notes:

Figures in this table show Indigenous headcount numbers. Data for this table is reliant on self-identification on the Defence human resources system; therefore, the data is likely to under-report actual participation rates.

- Figures are for permanent members (Service Categories 7 and 6) and do not include Reserves (Service Categories 5, 4 and 3), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
- Reserves include all members rendering service in Service Categories 5, 4 and 3 and Reserves undertaking continuous full-time service (Service Option C). This does not include members in Service Category 2, who do not render service.

Table C.28: Australian Defence Force Indigenous members, 2020–21

	Navy	Army	Air Force	ADF
Permanent ¹	562	1,036	405	2,003
Reserves ²	51	712	79	842
Total	613	1,748	484	2,845

Notes:

Figures in this table show Indigenous headcount numbers. Data for this table is reliant on self-identification on the Defence human resources system; therefore, the data is likely to under-report actual participation rates. Some figures have been adjusted from what was reported in the *Defence Annual Report 2020–21* to account for retrospective transactions.

- Figures are for permanent members (Service Categories 7 and 6) and do not include Reserves (Service Categories 5, 4 and 3), Reserves undertaking continuous full-time service (Service Option C) or ADF Gap Year participants (Service Option G).
- Reserves include all members rendering service in Service Categories 5, 4 and 3 and Reserves undertaking continuous full-time service (Service Option C). This does not include members in Service Category 2, who do not render service.

Table C.29: Key management personnel remuneration, 2021–22

Name	Position ¹	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits (\$)	Total remuneration (\$)
		Base salary (\$)	Bonuses (\$)	Other benefits and allowances ² (\$)		Long service leave (\$)	Other long-term benefits (\$)		
Mr Greg Moriarty	Secretary	810,364	–	–	110,572	21,791	–	–	942,727
GEN Angus Campbell	Chief of the Defence Force	809,514	–	19,637	217,424	16,038	–	–	1,062,612
VADM David Johnston	Vice Chief of the Defence Force	548,596	–	4,853	153,295	11,416	–	–	718,161
Mr Matt Yannopoulos	Associate Secretary	421,845	–	–	56,849	13,030	–	–	491,724
Ms Katherine Jones	Associate Secretary	63,342	–	3,812	7,629	1,816	–	–	76,599
VADM Michael Noonan	Chief of Navy	523,900	–	131,821	146,330	10,977	–	–	813,028
LTGEN Richard Burr	Chief of Army	537,063	–	10,903	146,330	10,795	–	–	705,091
AIRMSHL Mel Hupfeld	Chief of Air Force	531,260	–	13,688	123,023	11,406	–	–	679,377
LTGEN Gregory Bliton	Chief Joint Operations	502,844	–	77,379	150,872	11,140	–	–	742,234
Mr Steven Groves	Chief Finance Officer	418,512	–	20,647	67,460	10,905	–	–	517,524
Mr Stephen Pearson	Chief Information Officer	485,411	–	55,664	22,974	9,254	–	–	573,302
Mr Peter Tesch	Deputy Secretary Strategy, Policy and Industry	373,041	–	28,664	62,172	9,880	–	–	473,756
Ms Justine Greig	Deputy Secretary Defence People	352,064	–	28,664	63,576	9,836	–	–	454,139
VADM Jonathan Mead	Chief Nuclear Powered Submarine Taskforce	512,973	–	42,062	126,918	13,472	–	–	695,425
Mr Steven Grzeskowiak	Deputy Secretary Estate & Infrastructure	84,200	–	25,150	58,081	8,534	–	–	175,965
Ms Celia Perkins	Deputy Secretary Security & Estate	335,294	–	26,248	57,080	8,770	–	–	427,392
Prof Tanya Monro	Chief Defence Scientist	452,091	–	–	25,096	7,843	–	–	485,030
Mr Tony Fraser	Deputy Secretary Capability Acquisition & Sustainment	537,950	–	–	79,320	9,811	–	–	627,081

(Table C.29 continued)

Name	Position ¹	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits (\$)	Total remuneration (\$)
		Base salary (\$)	Bonuses (\$)	Other benefits and allowances ² (\$)		Long service leave (\$)	Other long-term benefits (\$)		
Mr Tony Dalton	Deputy Secretary National Naval Shipbuilding	414,266	–	71,235	24,567	6,661	–	–	516,730
LTGEN Gavan Reynolds	Chief Defence Intelligence	429,489	–	5,204	150,872	11,140	–	–	596,705
RADM Ian Murray	Acting Chief of Joint Capabilities	410,015	–	35,276	95,668	8,356	–	–	549,315
Ms Sally Druhan	Acting Chief Finance Officer	64,509	–	6,737	10,472	1,730	–	–	83,448
RADM Christopher Smith	Acting Chief of Navy	43,428	–	4,648	13,599	587	–	–	62,263
Total		9,661,971	–	612,292	1,970,179	225,185	–	–	12,469,627

Notes:

- Those staff who were permanently appointed to or acted in a key management personnel position for a period of 12 or more continuous weeks were included in the key management personnel disclosures. Those staff who acted in a key management personnel role for a shorter period who meet the definition of key management personnel were included in the above table. Chief Nuclear Powered Submarine Taskforce was a newly created position during the year.
- Other short-term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax paid on behalf of staff in the fringe benefits tax return for the year ended 31 March 2022. Employees posted overseas are remunerated in accordance with the department's 'overseas conditions of service' framework. The framework exists to compensate for the differences in locations such as cost of living, accommodation and security environment. It also addresses additional costs incurred, such as family medical and educational costs, to ensure posted staff are not disadvantaged. This column includes non-cash benefits.

Table C.30: Senior executives Australian Public Service remuneration, 2021–22

Remuneration band	Number of senior executives ¹	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration	
		Average base salary (\$)	Average bonuses (\$)	Average other benefits and allowances ²		Average long service leave (\$)	Average other long-term benefits (\$)		Average total remuneration (\$)	Excluding overseas housing allowances (\$)
\$0 – \$220,000	73	83,689	191	787	14,784	2,579	–	2,572	113,845	114,632
\$220,001 – \$245,000	29	177,067	433	–	30,170	4,857	–	–	237,241	237,241
\$245,001 – \$270,000	43	193,280	–	151	33,373	5,206	–	–	256,208	256,359
\$270,001 – \$295,000	24	212,970	162	–	37,456	5,725	–	–	281,250	281,250
\$295,001 – \$320,000	15	234,027	–	3,398	38,431	6,264	–	–	301,976	305,374
\$320,001 – \$345,000	10	259,724	–	–	42,370	6,395	–	–	335,394	335,394
\$345,001 – \$370,000	6	234,004	–	–	37,872	7,145	–	51,536	356,403	356,403
\$370,001 – \$395,000	2	305,394	–	–	40,022	6,200	–	–	378,629	378,629
\$420,001 – \$445,000	2	243,302	–	119,917	41,131	6,516	–	–	315,138	435,055
\$445,001 – \$470,000	1	365,876	–	–	56,680	6,023	–	–	455,524	455,524
\$495,001 – \$520,000	1	193,791	–	249,063	28,910	5,486	–	–	254,998	504,061

Notes:

- The number of senior executives listed above is the number of individual senior executive service personnel not the number of senior executive service positions. Staff who were permanently appointed to or acted in a senior executive service level position for a period longer than six months are included.
- Other short-term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax paid on behalf of staff in the fringe benefits tax return for the year ended 31 March 2022. Employees posted overseas are remunerated in accordance with the department's 'overseas conditions of service' framework. The framework exists to compensate for the differences in locations such as cost of living, accommodation and security environment. It also addresses additional costs incurred, such as family medical and educational costs, to ensure posted staff are not disadvantaged. This column includes non-cash benefits.
- In accordance with Australian Public Service Commission Guidelines, senior executive service staff may be eligible to a termination payment under an incentive to retire package. The amount of the payment is based on the period of service and is an amount of two weeks' pay per year of service, to a maximum of 48 weeks.

Table C.31: Star-rank Australian Defence Force personnel remuneration, 2021–22

Remuneration band	Number of senior executives ¹	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration (\$)
		Average base salary (\$)	Average bonuses (\$)	Average other benefits and allowances ²		Average long service leave (\$)	Average other long-term benefits (\$)		
				Overseas housing allowances (\$)	Average superannuation contributions (\$)			Average termination benefits ³ (\$)	Excluding overseas housing allowances (\$)
\$0 – \$220,000	34	89,965	–	4,963	17,560	2,405	–	5,222	141,638
\$220,001 – \$245,000	6	116,586	–	7,899	32,737	2,992	–	33,817	221,751
\$245,001 – \$270,000	5	137,488	–	–	35,673	4,012	–	41,357	256,609
\$270,001 – \$295,000	3	164,341	–	21,281	33,969	4,656	–	–	254,023
\$295,001 – \$320,000	6	169,606	–	5,093	34,465	5,132	–	40,464	306,238
\$320,001 – \$345,000	66	218,217	–	570	32,129	5,849	–	9,991	334,318
\$345,001 – \$370,000	26	236,088	–	45	40,627	6,540	–	–	354,570
\$370,001 – \$395,000	30	246,503	1,667	1,365	52,648	–	–	–	383,715
\$395,001 – \$420,000	19	243,159	–	14,660	51,941	7,092	–	12,778	391,336
\$420,001 – \$445,000	15	178,642	1,667	7,631	30,127	5,093	–	154,274	427,254
\$445,001 – \$470,000	6	243,771	–	12,768	28,472	5,886	–	103,172	441,098
\$470,001 – \$495,000	10	278,776	–	65,934	43,484	7,673	–	–	417,894
\$495,001 – \$520,000	4	215,467	–	61,998	43,948	5,984	–	112,282	443,215
\$520,001 – \$545,000	3	254,279	–	62,035	51,257	7,273	–	80,929	474,013
\$545,001 – \$570,000	2	229,173	–	104,942	28,919	6,049	–	121,393	459,987
\$570,001 – \$595,000	1	277,656	–	197,832	26,928	6,788	–	–	396,459
\$645,001 – \$670,000	1	196,873	–	158,799	27,636	4,980	–	206,343	491,734
									650,533

Notes:

- The number of Australian Defence Force Star-ranks listed above is the number of individuals not the number of positions. Staff who were permanently appointed to or acted in a Star-rank Australian Defence Force position for a period longer than six months are included in the table.
- Other short-term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax paid on behalf of staff in the fringe benefits tax return for the year ended 31 March 2022. Employees posted overseas are remunerated in accordance with the department's 'overseas conditions of service' framework. The framework exists to compensate for the differences in locations such as cost of living, accommodation and security environment. It also addresses additional costs incurred, such as family medical and educational costs, to ensure posted staff are not disadvantaged. This column includes non-cash benefits.
- Defence members compulsorily transferred to the Reserves may be eligible for a special benefit payment. The amount of a special benefit payment is based on the member's period of service and is an amount equal to two weeks' pay for every year of service, to a maximum of 48 weeks.

Table C.32: Other highly paid staff – Australian Defence Force remuneration, 2021–22

Remuneration band	Number of highly paid ADF personnel	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration	
		Average base salary (\$)	Average bonuses (\$)	Average other benefits and allowances ¹		Average long service leave (\$)	Average other long-term benefits (\$)		Excluding overseas housing allowances (\$)	Including overseas housing allowances (\$)
\$235,001 – \$245,000	874	151,822	4,917	2,066	50,675	4,471	–	–	237,847	239,912
\$245,001 – \$270,000	1513	163,700	3,655	4,795	53,584	4,775	–	67	251,313	256,108
\$270,001 – \$295,000	828	177,913	2,455	8,646	58,374	5,199	–	–	272,324	280,970
\$295,001 – \$320,000	342	183,901	2,789	19,084	59,752	5,511	–	1,135	286,213	305,297
\$320,001 – \$345,000	181	185,144	2,066	41,400	60,317	5,482	–	1,774	290,109	331,509
\$345,001 – \$370,000	107	202,511	748	56,760	65,029	5,684	–	–	299,681	356,441
\$370,001 – \$395,000	77	215,953	260	51,025	67,155	5,959	–	16,729	329,452	380,478
\$395,001 – \$420,000	52	232,416	–	55,318	74,404	6,495	–	14,295	350,030	405,347
\$420,001 – \$445,000	35	242,352	–	62,987	76,476	6,561	–	22,412	368,046	431,033
\$445,001 – \$470,000	12	280,350	4,167	31,636	73,145	6,854	–	46,664	425,188	456,823
\$470,001 – \$495,000	7	243,225	24,728	104,426	76,326	6,134	–	–	380,869	485,295
\$495,001 – \$520,000	4	328,942	–	54,301	105,013	8,365	–	–	447,322	501,623
\$520,001 – \$545,000	4	384,497	–	–	128,189	10,611	–	–	534,779	534,779
\$545,001 – \$570,000	2	381,403	–	44,182	114,425	9,782	–	–	513,922	558,103
\$595,001 – \$620,000	1	328,773	–	166,013	101,026	8,543	–	–	441,982	607,995

Notes:

- Other short-term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax paid on behalf of staff in the fringe benefits tax return for the year ended 31 March 2022. Employees posted overseas are remunerated in accordance with the department's 'overseas conditions of service' framework. The framework exists to compensate for the differences in locations such as cost of living, accommodation and security environment. It also addresses additional costs incurred, such as family medical and educational costs, to ensure posted staff are not disadvantaged. This column includes non-cash benefits.
- Defence members compulsorily transferred to the Reserves may be eligible for a special benefit payment. The amount of a special benefit payment is based on the member's period of service and is an amount equal to two weeks' pay for every year of service, to a maximum of 48 weeks.

Table C.33: Other highly paid staff – Australian Public Service remuneration, 2021–22

Remuneration band	Number of highly paid APS staff	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration	
		Average base salary (\$)	Average bonuses (\$)	Average other benefits and allowances ¹		Average long service leave (\$)	Average other long-term benefits (\$)		Average total remuneration (\$)	Average total remuneration (\$)
\$235,001 – \$245,000	33	176,173	1,729	24,780	3,171	29,540	4,361	–	214,974	239,754
\$245,001 – \$270,000	27	158,131	2,518	23,644	5,669	27,088	4,001	–	230,717	254,361
\$270,001 – \$295,000	20	152,160	1,672	90,869	495	26,474	3,974	–	192,047	282,916
\$295,001 – \$320,000	12	160,671	1,015	85,710	554	26,895	4,394	–	220,451	306,161
\$320,001 – \$345,000	11	219,973	2,383	62,720	7,888	35,782	5,623	–	271,650	334,370
\$345,001 – \$370,000	14	276,532	2,675	22,828	94	43,421	6,875	–	329,596	352,424
\$370,001 – \$395,000	1	227,556	10,669	99,978	–	38,777	6,010	–	283,013	382,991
\$395,001 – \$420,000	1	362,660	–	–	–	46,731	10,423	–	419,814	419,814
\$420,001 – \$445,000	2	346,969	12,925	–	2,039	55,237	9,773	–	426,942	426,942
\$445,001 – \$470,000	1	196,389	1,940	167,081	54,189	35,920	5,464	–	293,901	460,982

Notes:

- Other short-term benefits and allowances includes the value of items such as motor vehicle allowances, overseas allowances, housing and any fringe benefits tax paid on behalf of staff in the fringe benefits tax return for the year ended 31 March 2022. Employees posted overseas are remunerated in accordance with the department's 'overseas conditions of service' framework. The framework exists to compensate for the differences in locations such as cost of living, accommodation and security environment. It also addresses additional costs incurred, such as family medical and educational costs, to ensure posted staff are not disadvantaged. This column includes non-cash benefits.
- In accordance with Australian Public Service Commission Guidelines, Australian Public Service staff may be eligible to a termination payment. The amount of the payment is based on the period of service and is an amount of two weeks' pay per year of service, to a maximum of 48 weeks.

Appendix D: Other mandatory information

Consultancy contracts

Defence engages consultants where it lacks specialist expertise or when independent research and assessment is required. Decisions to engage consultants during 2021–22 were made in accordance with the *Public Governance, Performance and Accountability Act 2013* and related regulations including the Commonwealth Procurement Rules and relevant internal policies.

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website at www.tenders.gov.au.

Defence selects consultants through the use of panel arrangements or by making an open approach to market.

During 2021–22, 303 new reportable consultancy contracts were entered into valued at \$145.7 million with actual expenditure of \$52.6 million (GST inclusive). In addition, 324 reportable consultancy contracts were ongoing from a previous period with actual expenditure of \$117.1 million (GST inclusive).

Table D.1: Reportable consultancy contract expenditure, 2021–22

	Number of new contracts	Expenditure (\$)
New contracts entered into during 2021–22	303	52,644,670
Ongoing contracts entered into during a previous period	319	117,070,590
Total	622	169,715,260

Note:

All figures are GST inclusive.

Table D.2 below shows the top five consultants (by value spend) with Defence during 2021–22.

Table D.2: Top five organisations receiving a share of reportable consultancy contract expenditure by Defence in 2021–22

Organisation	Number of consultancy contracts	Expenditure (\$)	Proportion of 2021–22 total consultancy spend (%)
Boston Consulting Group	4	15,072,526	8.9
KPMG	25	13,636,509	8.0
GHD	15	9,690,332	5.7
Ernst & Young	6	9,342,250	5.5
AECOM	13	5,313,448	3.1
Total of top five consultancy contracts	63	53,055,065	31.3

Note:

All figures are GST inclusive. Percentages may not add due to rounding. Organisation refers to a company trading under a specified Australian Business Number.

Non-consultancy contracts

During 2021–22, 26,089 new reportable non-consultancy contracts were entered into valued at \$30.8 billion (see www.tenders.gov.au) with actual expenditure of \$7.3 billion (GST inclusive). In addition, 18,956 reportable non-consultancy contracts were ongoing from a previous period with actual expenditure of \$25.1 billion (GST inclusive).

Table D.3: Reportable non-consultancy contract expenditure 2021–22

	Number of new contracts	Expenditure (\$)
New contracts entered into during 2021–22	26,089	7,348,597,469
Ongoing contracts entered into during a previous period	18,956	25,074,278,072
Total	45,045	32,422,875,541

Note:

All figures are GST inclusive.

Table D.4 below shows the top five non-consultancy (by value spend) with Defence during 2021–22.

Table D.4: Top five organisations receiving a share of reportable non-consultancy contract expenditure by Defence in 2021–22

Organisation	Number of non-consultancy contracts	Expenditure (\$)	Proportion of 2021–22 non-consultancy total spend (%)
Thales	902	1,091,575,001	3.4
BAE Systems	379	1,002,941,919	3.1
Boeing	279	856,669,460	2.6
Ventia	282	751,859,262	2.3
Raytheon	178	654,041,553	2.0
Total of top five non-consultancy contracts	2,020	4,357,087,196	13.4

Note:

All figures are GST inclusive. Percentages may not add due to rounding. Organisation refers to a company trading under a specified Australian Business Number.

Australian National Audit Office access clause

The Defence contracting templates include standard clauses providing the Auditor-General access to contractors' and major subcontractors' premises, records and accounts. During 2021–22, Defence had 38 contracts that did not include the clause providing access to the Auditor-General (Table D.5).

Table D.5: Contracts that do not include the Australian National Audit Office access clause, 2021–22

Program and company	2021–22 (\$)	Purpose	Reason for non-inclusion of ANAO access clause
Army			
United States Government	3,500,007,482	Special Military Equipment	Foreign Military Sale
United States Government	504,124,401	Special Military Equipment	Foreign Military Sale
United States Government	63,978,345	Light Weapons and Ammunition	Foreign Military Sale
United States Government	32,694,361	Light Weapons and Ammunition	Foreign Military Sale
United States Government	10,780,160	Technical and Engineering Services	Foreign Military Sale
United States Government	8,467,389	Technical and Engineering Services	Foreign Military Sale
United States Government	2,695,040	Technical and Engineering Services	Foreign Military Sale
United States Government	2,601,808	Injury Assessment Equipment	Foreign Military Sale
United States Government	2,200,843	Light Weapons and Ammunition	Foreign Military Sale
United States Government	1,672,783	Technical and Engineering Services	Foreign Military Sale
United States Government	1,374,950	Training	Foreign Military Sale
United States Government	1,341,914	Technical and Engineering Services	Foreign Military Sale
United States Government	975,110	Technical and Engineering Services	Foreign Military Sale
United States Government	716,714	Technical and Engineering Services	Foreign Military Sale
United States Government	267,130	Training	Foreign Military Sale
Total for Army	4,133,898,429		
Air Force			
United States Government	170,453,112	Technical and Engineering Services	Foreign Military Sale
United States Government	142,184,036	Special Military Equipment	Foreign Military Sale
United States Government	63,863,936	Technical and Engineering Services	Foreign Military Sale
United States Government	43,421,262	Technical and Engineering Services	Foreign Military Sale
United States Government	15,679,656	Light Weapons and Ammunition	Foreign Military Sale
United States Government	7,780,980	Technical and Engineering Services	Foreign Military Sale
United States Government	2,931,907	Explosive Ordnance	Foreign Military Sale
United States Government	652,178	Explosive Ordnance	Foreign Military Sale
United States Government	140,035	Communication equipment	Foreign Military Sale
Total for Air Force	447,107,103		
Australian Defence Force Headquarters			
United States Government	110,298	Software Support	Foreign Military Sale
Total for Australian Defence Force Headquarters	110,298		
Capability Acquisition and Sustainment Group			
United States Government	1,452,691	Training	Foreign Military Sale
Total for Capability Acquisition and Sustainment Group	1,452,691		

(Table D.5 continued)

Program and company	2021–22 (\$)	Purpose	Reason for non-inclusion of ANAO access clause
Joint Capabilities Group			
United States Government	141,055,477	Explosive Ordnance	Foreign Military Sale
United States Government	26,336,908	Communication equipment	Foreign Military Sale
United States Government	6,506,690	Communication equipment	Foreign Military Sale
United States Government	4,710,600	Communication equipment	Foreign Military Sale
United States Government	2,983,893	Communication equipment	Foreign Military Sale
United States Government	682,986	Communication equipment	Foreign Military Sale
United States Government	604,815	Communication equipment	Foreign Military Sale
United States Government	588,087	Technical and Engineering Services	Foreign Military Sale
Total for Joint Capabilities Group	183,469,457		
Joint Operations Command			
United States Government	2,897,808	Software Support	Foreign Military Sale
Total for Joint Operations Command	2,897,808		
Navy			
United States Government	1,212,345,742	Special Military Equipment	Foreign Military Sale
United States Government	426,217,436	Explosive Ordnance	Foreign Military Sale
United States Government	2,589,966	Technical and Engineering Services	Foreign Military Sale
Total for Navy	1,641,153,144		
Total Programs	6,410,088,930		

Note:

All figures are GST inclusive (where applicable).

Defence uses the United States Department of Defense's Foreign Military Sales program, which facilitates sales of United States arms, defence equipment, defence services and military training to foreign governments. The standard terms and conditions of Foreign Military Sales contracts do not contain Australian National Audit Office access provisions.

Omissions and errors

The *Defence Annual Report 2020–21* contained the following errors:

Unit availability days, flying hours and Hydroscheme products (page 41)

The *Defence Annual Report 2020–21* reported in Table 3.1 Unit availability days, flying hours and Hydroscheme products that the 2020–21 revised estimate for Major Combatants was 2,892. This number should have been 2,982 unit availability days.

Unacceptable behaviour (page 53 and 138)

The *Defence Annual Report 2020–21* reported that 937 incidents of unacceptable behaviour had occurred during the financial year with 198 incidents occurring in previous financial years. This should have read 937 incidents of unacceptable behaviour occurred during the financial year with 195 occurring in previous financial years.

Australian Public Service workforce, average Full-time equivalent (page 115)

The *Defence Annual Report 2020–21* reported on page 115 that Table 6.9 shows details of the Australian Public Service average strength, expressed as average Full-time equivalent, for 2020–21. Australian Public Service average strength was 16,454 in 2020–21. This was an increase of 141 from the 2019–20 figure of 16,129. This should have been an increase of 325 from the 2019–20 figure of 16,129.

Australian Public Service recruitment and separations (page 116)

The *Defence Annual Report 2020–21* reported on page 116 that the Australian Public Service headcount increased by 342, however this should have been, the APS headcount decreased by 342, consistent with Table 6.12: Defence workforce headcount as at 30 June 2020 and 30 June 2021 on page 117.

Defence workforce by employment location (page 117)

Table 6.13 on page 117 of the *Defence Annual Report 2020–21* contained errors in the numbers of Navy, Army and Air Force Reserve members reported for Western Australia, Tasmania, Northern Territory and Australian Capital Territory. This also impacted the total Australian Defence Force figures reported in the table. A revised 6.13 with corrected figures highlighted yellow is provided below.

Table from 2020-21 Defence Annual Report

Table 6.13: Defence workforce by employment location as at 30 June 2021

	NSW	VIC ¹	QLD	SA	WA	TAS	NT	ACT ²	O/S ³	Total
Permanent force⁴										
Navy	6,626	1,851	803	120	2,913	19	743	1,988	222	15,285
Army	5,422	3,188	12,048	1,785	878	50	2,702	3,069	257	29,399
Air Force	4,375	1,199	3,432	1,984	315	11	938	2,324	307	14,885
Subtotal	16,423	6,238	16,283	3,889	4,106	80	4,383	7,381	786	59,569
Reserves⁵										
Navy	1,205	344	510	106	363	91	79	1,230	4	3,932
Army	5,588	3,466	5,136	1,648	2,019	514	669	1,078	5	20,123
Air Force	1,562	406	1,419	696	229	52	110	1,211	–	5,685
Subtotal	8,355	4,216	7,065	2,450	2,611	657	858	3,519	9	29,740
Total ADF	24,778	10,454	23,348	6,339	6,717	737	5,241	10,900	795	89,309
APS⁶										
Total APS	2,357	3,271	1,222	2,017	468	62	204	7,380	127	17,108

Notes:

Figures in this table are based on substantive location for the Australian Defence Force and actual location for the Australian Public Service.

1. Victorian figures include individuals located in Albury, New South Wales.
2. Australian Capital Territory figures include individuals located in Jervis Bay (Commonwealth), Queanbeyan (New South Wales) and Bungendore (New South Wales).
3. Individuals posted overseas for reasons including long-term duty, training, exchange and liaison.
4. Permanent Force (Service Categories 7 and 6) does not include ADF Gap Year participants (Service Option G), which had 664 participants on 30 June 2021. Gap Year participants may be employed in multiple locations during their period of service.
5. Reserves include all members (Service Categories 5, 4 and 3) and Reserves undertaking continuous full-time service (Service Option C).
6. Includes paid and unpaid employees, which covers full-time, part-time, ongoing and non-ongoing employees. The 30 June 2021 figures for the Australian Public Service include 1,120 Australian Public Service employees who are also counted as Reserve members.

Reported sexual assault in the Australian Defence Force (page 140)

The *Defence Annual Report 2020–21* reported in Table 6.28: Reported Defence sexual assault incidents per year, that there were 60 incidents in 2013–14; 96 incidents in 2014–15; and 98 incidents in 2015–16. The correct numbers of reported Defence sexual assault incidents in these years should read 96 incidents in 2013–14; 98 incidents in 2014–15; and 84 incidents in 2015–16.

Appendix E: Supplementary online material

The following supplementary performance information is available on the Defence website.

Table E.1: Additional online information

Report	Website
Report of the Inspector-General ADF	www.defence.gov.au/mjs/reports.asp
Women in ADF Report	www.defence.gov.au/annualreports/
Acquisition, sustainment, facilities and infrastructure information	
Top 30 sustainment products by expenditure 2021–22	Web table D.1
Top 30 acquisition projects by expenditure 2021–22	Web table D.2
Top 30 acquisition projects by expenditure (variations), 2021–22	Web table D.3
Major acquisition projects closed in 2021–22	Web table D.4
New major acquisition projects approved by Government 2021–22	Web table D.5
Performance of major capital facilities projects 2021–22	Web table D.6
Major Defence establishments and bases	Web table D.7
Status of capital facilities projects considered by the Parliamentary Standing Committee on Public Works	Web table D.8
Approved facilities and infrastructure projects by state and federal electorate (financial and non-financial input)	Web table D.9

Table E.2: Reference websites and supporting documentation

Reference	Website
2021–25 Defence Corporate Plan	www.defence.gov.au/publications/corporateplan/
AusTender	www.tenders.gov.au
Australian Hydrographic Office	www.hydro.gov.au
Australian National Audit Office	www.anao.gov.au
Australian Public Service Commission	www.apsc.gov.au
Defence Annual Reports	www.defence.gov.au/annualreports
Defence Audit and Risk Committee Charter	www.defence.gov.au/about/corporate-governance/enterprise-committees
Defence Organisational Structure	www.defence.gov.au/about/organisation
Defence PFAS Investigation & Management Program	www.defence.gov.au/Environment/PFAS/default.asp
Defence's Information Publication Scheme	www.defence.gov.au/about/information-disclosures/information-publication-scheme
Department of Finance	www.finance.gov.au
GrantConnect	www.grants.gov.au
National Indigenous Australians Agency (Indigenous procurement)	www.niaa.gov.au
Parliament of Australia	www.aph.gov.au
Participation statistics for Small and Medium Enterprises	www.finance.gov.au/government/procurement/statistics-australian-government-procurement-contracts-
Department of Treasury – <i>The Pay On-Time Survey – Performance Report 2021</i>	www.treasury.gov.au/small-business/pay-time-survey-performance-reports
Transparency portal	www.transparency.gov.au

Appendix F: List of requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	Page iv	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	Page v	Table of contents.	Mandatory
17AJ(b)	Pages 298–305	Alphabetical index.	Mandatory
17AJ(c)	Page 294	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	Pages 289–293	List of requirements.	Mandatory
17AJ(e)	Page i	Details of contact officer.	Mandatory
17AJ(f)	Page i	Entity's website address.	Mandatory
17AJ(g)	Page i	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	Page 3–11	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	Page 15	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	Page 18	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	Page 17	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	Page 15	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	Page 19	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	Page 19	Position of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	Page 19	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)	Page 16	An outline of the structure of the portfolio of the entity.	Portfolio departments – mandatory
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement 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
17AD(c)	Report on the Performance of the entity		
	Annual performance Statements		
17AD(c)(i); 16F	Pages 23–64	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	Report on Financial Performance		
17AF(1)(a)	Pages 67–76	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	Page 70	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	68	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.

(Appendix F continued)

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(d)	Management and Accountability		
	Corporate Governance		
17AG(2)(a)	Page iv	Information on compliance with section 10 (fraud systems).	Mandatory
17AG(2)(b)(i)	Page iv	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	Page iv	A certification by 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
17AG(2)(b)(iii)	Page iv	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	Page 82–96	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	Page 89	A statement of significant issues reported to Minister under paragraph 19(1) (e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
	Audit Committee		
17AG(2A)(a)	Page 83	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	Page 84	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	Page 84	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	Page 84	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	Page 84	The remuneration of each member of the entity's audit committee.	Mandatory
	External Scrutiny		
17AG(3)	Page 89	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory
17AG(3)(a)	Page 96	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
17AG(3)(b)	Pages 89–96	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	Page 96	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
	Management of Human Resources		
17AG(4)(a)	Pages 99–149	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	Pages 109–124; 260–275	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (i) statistics on full-time employees; (ii) statistics on part-time employees; (iii) statistics on gender; (iv) statistics on staff location.	Mandatory

(Appendix F continued)

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(4)(b)	Pages 106–124; 260–275	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: (i) staffing classification level; (ii) full-time employees; (iii) part-time employees; (iv) gender; (v) staff location; (vi) employees who identify as Indigenous.	Mandatory
17AG(4)(c)	Pages 128–131; 276–281	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
17AG(4)(c)(i)	Page 130	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	Page 129	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	Page 132	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	Page 133	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	Page 133	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	Page 133	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	Page 133	Information on aggregate amount of performance payments.	If applicable, Mandatory
Assets Management			
17AG(5)	Pages 153–159	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, Mandatory
Purchasing			
17AG(6)	Page 155	An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory
Reportable consultancy contracts			
17AG(7)(a)	Page 282	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
17AG(7)(b)	Page 282	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
17AG(7)(c)	Page 282	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
17AG(7)(d)	Page 282	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

(Appendix F continued)

PGPA Rule Reference	Part of Report	Description	Requirement
Reportable non-consultancy contracts			
17AG(7A)(a)	Page 283	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	Page 283	A statement that <i>"Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website."</i>	Mandatory
17AD(daa)	Page 283	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts	Mandatory
17AGA	Page 283	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts	Mandatory
Australian National Audit Office Access Clauses			
17AG(8)	Pages 284–285	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
Exempt contracts			
17AG(9)	Page 86	If an entity entered into a contract or there is a standing offer with value greater than \$10,000 (inclusive of GST) which has been exempted from being published in 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
Small business			
17AG(10)(a)	Page 155	A statement that <i>"[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."</i>	Mandatory
17AG(10)(b)	Page 155	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	Page 155	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that <i>"[Name of entity] recognizes 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
Financial Statements			
17AD(e)	Pages 174–248	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)	Pages 132–133; 276–281	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory

(Appendix F continued)

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(f)	Other mandatory information		
17AH(1)(a)(i)	Pages 73–75	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].</i> <i>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
17AH(1)(a)(ii)	N/A	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	Page 73	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
17AH(1)(c)	Page 108	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	Page 87	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	Pages 286–287	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	Pages 76, 89, 114	Information required by other legislation.	Mandatory

Abbreviations and acronyms

ADF	Australian Defence Force
ANAO	Australian National Audit Office
APS	Australian Public Service
ASEAN	Association of Southeast Asian Nations
AUKUS	Australia, the United Kingdom, and the United States
CDF	Chief of the Defence Force
CSIRO	Commonwealth Science and Industry Research Organisation
DPG	Defence Planning Guidance
DRAP	Defence Reconciliation Action Plan
DSWP	Defence Strategic Workforce Plan
EL	Executive Level
FOI	Freedom of Information
FTE	Full-time equivalent
GST	goods and services tax
HMAS	Her Majesty's Australian Ship
ICT	Information and communications technology
IGADF	Inspector-General of the Australian Defence Force
IPP	Indigenous Procurement Policy
JMPU	Joint Military Police Unit
LGBTI	Lesbian, gay, bisexual, transgender and intersex
MP	Member of Parliament
NATO	North Atlantic Treaty Organization
PBS	Portfolio Budget Statements
PFAS	per- and poly-fluoroalkyl substances
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
RIMPAC	Exercise Rim of Pacific
SeMPRO	Sexual Misconduct Prevention and Response Office
SES	Senior Executive Service
SERCAT	Service Categories
STEM	Science, technology, engineering and mathematics
UN	United Nations
US	United States
WHS	Work Health and Safety

Definitions

Capability Life Cycle – A capability system's whole-of-life, from initial identification of a need to its disposal.

Capability Manager – Responsible for raising, training and sustaining capabilities as directed by the Secretary and Chief of the Defence Force.

Capability Program Architecture – A framework that aligns accountabilities and resourcing, and provides links between decisions and strategic guidance.

Defence Assistance to the Civil Community – The provision of Defence resources, within Australia and its territories, in response to a request for assistance for the performance of tasks that are primarily the responsibility of the civil community or other Government organisations.

Defence Capability Policy Framework – The set of policy and guidance documents that explains how the capability system and its component processes work.

Defence Cooperation Program – A range of activities administered by International Policy Division that have the broad aim of enhancing the defence related capabilities of regional and non-regional partner nations.

Enterprise Resource Planning (ERP) Program – An approach to business information management that will integrate core business processes such as finance, logistics, engineering, maintenance, procurement and estate.

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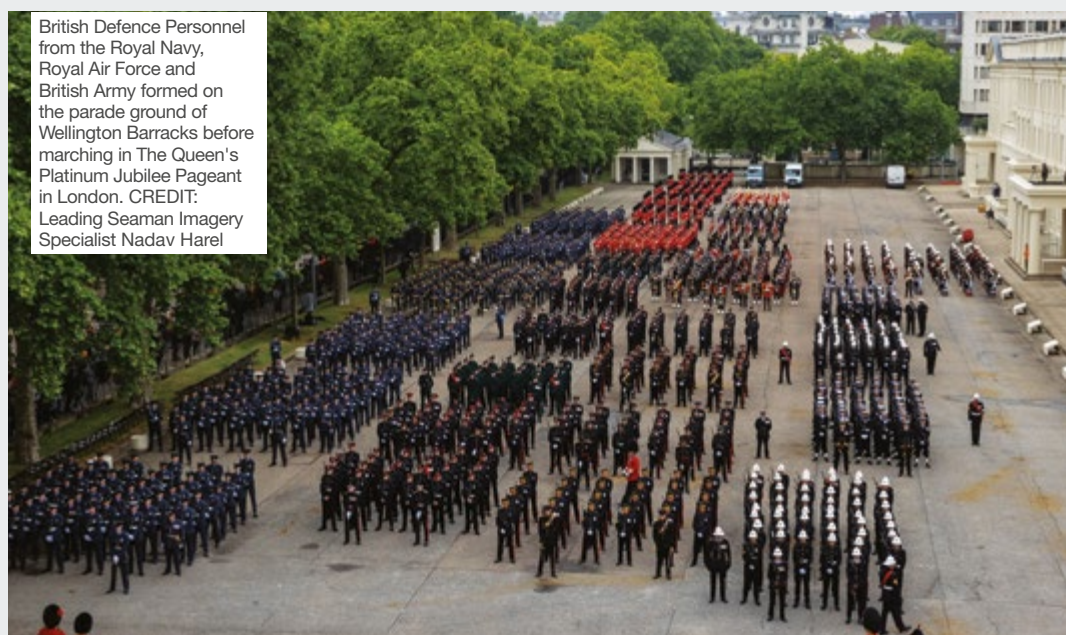
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Commemorations



British Defence Personnel from the Royal Navy, Royal Air Force and British Army formed on the parade ground of Wellington Barracks before marching in The Queen's Platinum Jubilee Pageant in London. CREDIT: Leading Seaman Imagery Specialist Nadav Harel

The Queen's Platinum Jubilee

Australia's Federation Guard is the Australian Defence Force's only dedicated ceremonial capability, made up of members from the Navy, Army, and Air Force. Australia's Federation Guard were responsible for a series of events, activities, and celebrations held over the month of June throughout Australia, in recognition of Her Majesty the Queen's Platinum Jubilee. There was an official event to light the Australian Platinum Jubilee Beacon on the shore of Canberra's Lake Burley Griffin. The Canberra event was one of over 50 planned lightings in Commonwealth capital cities that took place on the anniversary of The Queen's coronation.

Australia's Federation Guard led the Commonwealth nations in the Platinum Jubilee pageant in London in a grand display of pomp and ceremony worthy of a historical occasion. The parade included more than 200 mounted military personnel and nearly 8,000 members of the community from Great Britain and abroad. More than 1,700 military personnel from 22 countries, including Great Britain, Canada and New Zealand, marched through the streets of

London culminating in a salute to the royal family outside Buckingham Palace. For the 41 members of the Australian Defence Force contingent from the Federation Guard, contributing to the event was a once in a lifetime opportunity. The Australian team contributed to the pageant that extended over more than three kilometres around London, from Wellington Barracks around James Park then straight along the Mall to Buckingham Palace. Australia provided a member of each Service to the Queen's Service of Thanksgiving at Saint Paul's Cathedral and attended a reception at the Australian High Commission.

115 years of Defence science and technology

In 2022, Defence celebrated 115 years of Defence science and technology in Australia.

From the appointment of Cecil Napier Hake as Chemical Adviser to the Department of Defence in 1907, Defence currently employs over 2,000 Defence scientists, engineers, technologists and technicians, providing scientific advice and innovative solutions to support Australia's defence and national security needs.

The 80th anniversary of the bombing of Darwin

Early this year marked the 80th anniversary of the bombing of Darwin. It is important Defence continues to honour all those who have served by remembering and paying respects to the memory of those who lost their lives in protecting Australia.

A commemorative event was held in Darwin to mark the 80th anniversary of the bombing of Darwin during World War II, a tragedy that saw 252 Australian lives lost in two separate Japanese attacks on the Australian mainland. Two F-35A Lightning II Royal Australian Air Force aircraft conducted a flyover of the city to mark the occasion, flying some 80 metres above ground.

The bombing of Darwin commemoration has become a national day of service since 2011. It is a time to reflect and to learn and tell stories of heroism to younger generations.

The 80th anniversary of the bombing of Katherine

A commemorative service was held recognising the 80th anniversary of the bombing of Katherine. The commemorative service was held at the Katherine airfield, which now houses the Katherine Museum. The bombing of Katherine, which is located approximately 300km south of Darwin, was the southern-most point of the Japanese bombing raids on the Northern Territory. Nine 'Betty' bombers from the Japanese Navy dropped around 90 high-explosive bombs known as 'Daisy Cutters' on the Katherine airfield on 22 March 1942. The service paid tribute to the military personnel who have served in Katherine over the years and reflected on those that were injured in the attack. •

“The strength and resilience of the residents of Katherine at the time of the bombing needs to be highlighted.” Wing Commander Shane Smith



Former Royal Australian Air Force wireless air gunner and World War II veteran Mr Brian Winspear, 101 years old, prepares to lay a wreath during the 80th anniversary of the bombing of Darwin commemorative ceremony in Darwin, Northern Territory. CREDIT: Unknown



Defend Australia and its
national interests in order to
advance Australia's security
and prosperity.

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