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ROYAL AUSTRALIAN AIR FORCE

CHIEF OF AIR FORCE

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BP51440097

CAF Directive 16/25

DIRECTIVE BY THE CHIEF OF AIR FORCE

FY2025-26 BUDGET MANAGEMENT MEASURES

References:

- A. PACMAN Ch 5 Pt 4 Div 1
- B. MILPERSMAN Pt 7 Ch 10

INTRODUCTION

1. Air Force must continue to implement measures to optimise ways of working, reduce cost and ensure that every dollar spent focuses on delivering Air Force's contribution to the integrated, focused force.
2. Air Force's operations are not to compromise the safety and wellbeing of our people or their families. All Commanders are responsible for proactive identification and action to deliver this outcome.

PURPOSE

3. This directive addresses budget management measures and provides the tasks and actions required to mitigate overspending the 2025-26 Air Force budget.
4. Accountable officers are DCAF, ACAUST and HAC.

EXECUTION

5. Air Force is to apply the following management strategies to manage budget pressures in 2025-26.

Acquisition

6. HAC is to:
 - a. review capability priorities and develop offset options to guide investment in Air Force acquisition to ensure in year affordability. This may include project delays, scope reductions and divestments.
 - b. articulate capability impacts for offset options to the domain and integrated force to inform decisions and prioritisation.
 - c. provide recommendations to enable a prioritised plan to be submitted for 2025-26 Additional Estimates.

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Sustainment

7. HAC is to:
 - a. lead a review of sustainment priorities and provide offset options to guide investment in Air Force preparedness and force generation to ensure in year affordability. This may include reduction in rates of effort, reduction in operational platforms/systems and divestment.
 - b. ensure prioritisation options are considered and adopted as part of the mid-year sustainment review.
8. ACAUST is to define preparedness impacts against proposed offsets across the Defence Preparedness Directive.

Workforce

9. DG WG&C, on behalf of DCAF, is the Air Force authority for validation and communication of workforce considerations to the Joint Force Authority.
10. **Workforce Plans.** DCAF, HAC and ACAUST are to support optimisation of available workforce to address budget challenges and streamline resources to meet strategic direction. DGW&C is to:
 - a. Ensure Workforce Plans define all workforce demand to satisfy capability requirements across the Force-in-Being, Objective and future force.
 - b. Confirm all plans are feasible, acceptable, suitable, sustainable and not less than three years old.
 - c. Ensure all workforce plans employ military and APS as an alternative to contracted resources.
 - d. **Reserve Allocation Days.** SERCAT 3 and 5 aviators are capped to a maximum of 150 Reserve Service Days (RSD). The cap of 150 RSD is not to be exceeded unless approved in writing by DCAF.
 - e. DG W&C is to:
 - i. support MWDD process improvement ensuring Air Force reserve day allocation meets my posting priorities by the end of 2025.
 - ii. ensure any reallocation of RSD during FY25/26 have offsets to ensure RSD allocation remains within budget.
 - f. DCAF is to engage with non-service groups to message that management of RSD allocations must remain within budget and any non-service group exceeding their allocation may be subject to cost recovery.
 - g. **Annual Leave.** Aviators are to ensure their leave balance does not exceed 50 days. Aviators with excess of 50 days leave must have an agreed leave plan in place by 17 Oct 25 to reduce their leave.

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11. **Operating:** Air Force is to minimise any unnecessary discretionary spending of the operating budget. Offsets are required for any new activities in 2025-26 and forward budget submissions.
- a. **Contracts.** DCAF, ACAUST and HAC are the minimum approval authorities to execute any new contract in 2025-26. DGs and commanders are to reduce contracting to essential activities that deliver directed Air Force outcomes. All staff are to seek alternative options to contracting, including cancellation or delay of contract, use of Defence Contracting Services, and/or use of internal resources with associated de-prioritisation of lower priority activities.
 - b. **Business Travel.** Individual travel is to be limited to essential Capability Management, Force Generation and priority International Engagement outcomes. All staff are to seek alternative options to travel, such as use of in-location incumbents, cancellation of non-essential forums, remote (virtual) attendance, and strongly encourage the use of economy fares.
 - i. **Travel Omnibus.** All planned Air Force overseas travel is to be captured in the Air Force travel omnibus. The travel omnibus increases visibility, transparency and prioritisation of essential travel. DCAF, HAC and ACAUST may grant in-principle approval to activities within the travel omnibus to facilitate cost savings through earlier booking and funds commitment.
 - ii. **Travel Expenditure.** DCAF is to review Business travel each quarter at the Air Force Finance Meeting to ensure compliance with directed reductions.
 - c. **Events.** COS AFHQ is to oversee the Air Force events program and manage the funding requirements for events of significance and reduce expenditure on events wherever possible. Air Force events are to align with NDS priorities and execute within the budget allocation. Air Force Events program support may be re-prioritised, at any time, based on the resources available.
 - d. **Cadet Volunteers Program (CVP).** DCAF is to develop a strategic plan 2030 to validate future resourcing for Australian Air Force Cadets (AAFC). This plan will include options, risks and issues associated with all AAFC funding, including CVP.
12. **Operations:** HAC and ACAUST are to support ASFIN-AF and Department of Finance in development of new No-Win-No-Loss bids for government approval by scrutinising costs incurred on platforms that are regularly used for Operations.

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IMPLEMENTATION

13. This Directive is effective immediately and will remain extant until 30 Jun 26 unless superseded.

14. The sponsor of this Directive is DCAF.

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SG Chappell
Air Marshal
Chief of Air Force

4 September 2025

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